



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

---

# ***JPRS Report***

# **Soviet Union**

---

***International Affairs***

## NOTICE

Effective immediately, the JPRS REPORT: SOVIET UNION/PROBLEMS OF THE FAR EAST, a translation of the Russian-language journal PROBLEMY DALNEGO VOSTOKA published in Moscow by the USSR Academy of Sciences Far East Institute, will no longer be published. The journal is also published in English in Moscow by the USSR Academy of Sciences Far East Institute under the title FAR EASTERN AFFAIRS.

# Soviet Union

## International Affairs

JPRS-UIA-88-006

### CONTENTS

18 MARCH 1988

#### WORLDWIDE TOPICS

Yakovlev Book on 'Crisis' of Capitalism Reviewed [S. Zabolotskiy; <i>KOMMUNIST VOORUZHENNYKH SIL</i> , Jan 88]	1
'Crisis' in International Communist Movement Refuted [Vitaliy Korionov; <i>PRAVDA</i> 19 Jan 88]	3

#### SOCIALIST COMMUNITY, CEMA

International Marketing Specialists Conference in Havana [L. Chausov; <i>PRAVDA</i> , 23 Nov 87]	4
CEMA Commission on Transport Meeting in Kiev	5
USSR Transport Minister Speaks [GUDOK, 24 Nov 87]	5
Session Proceedings Reported [GUDOK, 26 Nov 87]	5
Polish Transport Minister Interviewed [GUDOK, 27 Nov 87]	6
Cuban, Hungarian Officials Interviewed [GUDOK, 28 Nov 87]	8
CEMA Transport Ministers on Cooperation, Role of Railroads [GUDOK, 2 Dec 88]	9

#### GENERAL ECONOMIC AFFAIRS

Foreign Trade Expansion Poses Price Setting Problems [V. Karpich; <i>RABOCHAYA GAZETA</i> , 24 Nov 88]	12
---	----

#### UNITED STATES, CANADA

Presidential Candidates' Positions on Arms Issues Viewed [E. Cheporov; <i>SOVETSKAYA KULTURA</i> , 1 Mar 88]	14
Pressures in U. S. for Increased Defense Spending Viewed [N. Chernyshev; <i>KOMMUNIST VOORUZHENNYKH SIL</i> , Jan 88]	14

#### WEST EUROPE

Finnish-Soviet Seminar on Increasing Trade [Ya. Strugach, V. Tarasenko; <i>LENINGRADSKAYA PRAVDA</i> , 28 Nov 87]	19
Ukrainians Fail To Conclude Construction Deal with Austrian Firm [V. Baziv; <i>KRASNAYA ZVEZDA</i> , 6 Dec 87]	20

#### EAST EUROPE

Example of Polish Local Democracy in Action Described [L. Toporkov, V. Shchepotkin; <i>IZVESTIYA</i> , 29 Nov 87]	22
Hungarians Experience 'Temporary Unemployment' [B. Rodionov; <i>IZVESTIYA</i> , 5 Dec 87]	24
Correspondent Stresses Bucharest's Positives, Downplays Problems [Sergey Svirin; <i>NEW TIMES</i> , No 52, Dec 87]	25
Bulgarian-Soviet Association Facing Difficulties [L. Zhmyrev; <i>PRAVDA</i> , 8 Dec 87]	27

#### LATIN AMERICA

Formation of Nicaragua-Bound Student Brigade Described [Ye. Umerenkov; <i>KOMSOMOLSKAYA PRAVDA</i> 24 Jan 88]	29
--	----

CHINA, EAST ASIA

IOJ Sponsors Asia-Pacific Journalists' Meeting In SRV [B. Vinogradov; IZVESTIYA 5 Feb 88]	30
Widespread Japanese Fear of USSR, 'Soviet Threat' Noted [Karen Khachaturov; ZA RUBEZHOM 15-21 Jan 88]	30
Malaysian Views of Trade, Relations With USSR	31
PRC Interest in Soviet Literature, Language Described [Svetlana Selivanovna; LITERATURNAYA GAZETA 16 Dec 88]	32

**Yakovlev Book on 'Crisis' of Capitalism Reviewed**  
18070069 Moscow: KOMMUNIST  
VOORUZHENNYKH SIL in Russian No 1, Jan 88  
pp 88-91

[Review by S. Zabolotskikh, candidate of economic sciences, of book "Kapitalizm na iskhode stoletiya" [Capitalism Toward the End of the Century] by A. N. Yakovlev, corresponding member of the USSR Academy of Sciences, Moscow, Political Literature Publishing House, 1987, 462 pages]

[Excerpt] Time has sharply increased its pace since the time that the world split into two social systems. It is counted now not by centuries, but by decades, each of which holds events which made up eras before. What are the features and contradictions of capitalism that are most typical toward the end of the century? How is the new stage of the scientific and technical revolution affecting its economy? What are the characteristics of the current antagonism among the imperialists? What is the real effect of imperialism's militarist ambitions on the world economy and the prospects for the peoples' economic and social progress?

Examination of these questions has been moved to the forefront in books being offered to the reader.<sup>1</sup> They thoroughly analyze the "sore points" in the economy of contemporary capitalism and its social and political problems. In the process, the researchers conduct an interesting discussion, devoid of oversimplification, on the future of mankind and with ideas, as noted in the documents of the 27th party congress, on the fact that it would be a gross error to underestimate the military might of imperialism and its aggressiveness, combined with the experience in social maneuvering and cosmopolitan solidarity of the bourgeoisie in the struggle against socialism and the liberation movements.

There is no question that contemporary state-monopoly capitalism continues to remain imperialism, although the space it occupies on earth has been reduced in area. As emphasized in the monograph "Capitalism Toward the End of the Century" by the noted Soviet social scientists who prepared this work under the guidance of A. N. Yakovlev, corresponding member of the USSR Academy of Sciences, the main point is that capitalism has not lost its fundamental features and characteristics in its current state of overall crisis, either. The deep-seated foundation of the capitalist production method remains unchanged. The polarization of society is continuing on an increasing scale: the accumulation of wealth at one pole and intensified poverty and neediness of the masses at the other pole. Today's monopoly capitalism, just as before, is characterized in full measure by political reaction in all policies, the predominance of monopolies in the economy and culture, politics and ideology, and by expansionism and aggressiveness. The new phenomena and features that have emerged in its

economic system and politics are only a further development of the natural laws and decisive signs of state-monopoly capitalism revealed by V. I. Lenin, the last "small step" before the triumph of socialism, in Lenin's words. Moreover, the new processes and trends reflect the radical change in the world situation in which imperialism has found itself and to which it has been forced to adapt.

In analyzing characteristics of the current stage in the overall crisis of capitalism, the authors note that capitalism's economy—its main field of battle with the new social system—has gone through three periods in its development in the postwar years that are markedly distinct from each other: reconstruction, roughly to the mid-1950's; relative stability to the 1970's; and finally, a period of sharp slowdown in economic growth.

After losing its former economic and political hegemony in the world, capitalism still was able to consolidate its positions during the first two periods in an important group of highly developed states, chiefly the "Big Seven" countries (the United States, Japan, the FRG, France, Great Britain, Italy and Canada), which turn out about 43 percent of the world's industrial production. During these decades the structure of the capitalist economic system and its reproductive and sectorial proportions were seriously altered. Processes of further capitalist collectivization of production and concentration and centralization of capital went beyond the national borders. They led to the formation of powerful transnational monopolies and banks, crushing entire sectors of production and areas of service on a national and international scale.

The leap forward in the development of capitalism's productive forces which took place as a result of these important changes called into being a vast wave of "rehabilitation" of its moribund strata by bourgeois and reformist adherents. By the mid-1960's, many theories on the "transformation" and "rejuvenation" of capitalism and a "superindustrial" and "postindustrial" society made their appearance. They all spread illusions that bourgeois society had entered a certain era of crisis-free development, "universal prosperity" and "class peace." Their groundlessness and bankruptcy were rejected by capitalism itself soon after when it entered a period of destabilization and serious new shocks of crisis.

The monograph edited by A. N. Yakovlev notes that by the 1970's, the "magical" action of those factors which had combined favorably to give impetus temporarily to forward movement in the capitalist economy had been depleted. Global problems of the world economy—energy, raw material, and ecological—became acute. This brought about colossal difficulties in providing production with resources and made economic growth much more expensive. The economic efficiency of scientific and technical progress and the directions that had taken shape by that time began to decrease. The rate of growth of world capitalist trade—an important stimulus



of economic growth—decreased to almost one-half as much. At the same time, the severe shocks in the area of physical production and trade were accompanied by unprecedented disarray in capitalism's financial and currency and credit systems.

The simultaneous intertwining in one knot of the many manifestations of a severe crisis, which were cyclical and structural, market and chronic, domestic and international in nature, exacerbated the social and economic situation in capitalist countries to the limit and resulted in extensive disruptions in the entire capitalist reproductive mechanism.

Taking advantage of the economic disorder, as well as the unfavorable situation that had developed for the working class in the labor market, the right-wing conservative forces that had come to power in the United States and a number of the other major bourgeois states unleashed a concentrated and fierce attack against the rights of the worker and their trade unions, relying on toughening totalitarian methods of controlling society, including political blackmail, repression and terror. Militarism, which permeated all areas of bourgeois society, reached a massive scale.

None that the recommendations of scientists and foreign experience were taken into account in preparing the decree. But the main thing is the opinion of the workers. Specialists of the USSR Goskomtrud and the AUCCTU went to labor collectives to discuss the draft of the decree; 350 collectives in different cities in the country took part in the discussion.

[Question] What will be new in work with the personnel in ministries and departments and at enterprises?

[Answer] A great deal will be, but the future potential as well. The authors cite the results of calculations made by the United States of America and Canada Institute of the USSR Academy of Sciences. According to them, the sum total of damage inflicted on the U. S. economy by militarization and expressed in the volume of final output that was underproduced over a 33-year period (1946-1979) altogether amounted to 3.4 to 5.3 trillion dollars, which is 2.4 to 3.7 times more than the amount of this country's gross national product in 1979.

Until quite recently it was believed that the overall crisis of capitalism signified the weakening, almost from year to year, of a system which is leaving the stage of history. But in reality it was evident before just as it is evident now that this crisis develops spasmodically, with extreme irregularity, "over long and difficult periods of peripeteia," in the course of which the tides of revolution alternately ebb and flow, at times with failures and withdrawals and with a number of "defeats of individual revolutions" (V. I. Lenin, "Complete Works," Vol 37, p 64). The continuous development of capitalism's overall crisis for decades confirms the familiar concept that history is not a level sidewalk on the Nevskiy Prospekt

which, as V. I. Lenin said, "visualizes world history as proceeding smoothly and painstakingly ahead, without sometimes making giant leaps backward, undialectically, unscientifically, and in theory, incorrectly" ("Complete Works," Vol 30, p 6).

And the present stage in the overall crisis of capitalism does not rule out possibilities that its economy will grow and that it will master new scientific and technical directions. Capitalism, although it has passed its zenith, still has many resources at its disposal. In its attempt to adapt to the changing situation, it continuously maneuvers, including in the social area, and seeks to put the latest achievements of science and technology at its service.

The role of science, which has actually been turned into an independent sector, has increased immeasurably in capitalism's economic system. According to data cited by Professor I. P. Faminskiy in his interesting book, written in the form of a dialogue, the proportion of expenditures on NIOKR [scientific research and experimental design work] in the national income of major capitalist countries, which decreased somewhat by the mid-1970's, has begun to increase again, reaching 2.2 to 2.8 percent in the first half of the 1980's in the United States, Japan, and the FRG. Sectors and types of production facilities which are turning out new products that were unknown previously have begun developing at a rapid pace. The changes associated with "the micro-electronic revolution" have gradually enveloped many areas of physical production, management and services, and everyday life.

The new stage in the scientific and technical revolution (NTR) brings with it a significant increase in the level of productive forces and is leading to an upheaval in many sectors. However, under the conditions of capitalism, the scientific and technical revolution leads to serious social consequences for the working people. By introducing robots, rotary lines, and microprocessor technology into production, the capitalists are throwing millions of workers out on the streets, turning them into "superfluous people." In the United States alone, for example, there were about 8 million unemployed at the beginning of 1987, according to official data; according to more reliable trade union statistics, there were about 15 million persons unemployed. More than 17 million persons have been without work in the countries of Western Europe.

By 1990, according to estimates by American specialists, the introduction in industry of robotized production facilities alone will reduce the number of persons employed in the sectors concerned by 4 million. By the year 2000, the "pessimistic" researchers assume that jobs will disappear for 10 to 15 million persons in industry, and possibly for the same number in the services field, based on the application of electronics for wage labor in the United States. The situation is no better in West Europe where, according to data from

English experts used in the book "Capitalism Toward the End of the Century," the level of unemployment may reach 16 percent of the able-bodied population at the beginning of the 1990's in connection with production automation based on new electronic technology. Under the conditions of capitalism, the authors of this book conclude, the scientific and technical revolution is being turned against the interests of the working people, thereby increasing the likelihood of new, even more destructive social outbursts.

A feature of the current situation in the capitalist world is that, along with the traditional opposition among the imperialist powers, rivalry marked by sharp disputes has emerged and developed among the three main centers of imperialism. The scope and power of these centers (the United States, West Europe and Japan) are unparalleled in history. To the extent that the integration process in West Europe is being speeded up and that Japan is being elevated to the rank of a world economic power, these "power centers" have created a real counterbalance to the United States' hegemony in the capitalist world and have seriously intensified the struggle of "national imperialisms" in the most diverse aspects of international relations.

In the late 1970's and early 1980's West Europe surpassed the United States in the scope of industrial production and became the principal center of international capitalist commerce. According to the data for 1985 cited in I. P. Faminskiy's book, the European capitalist countries that are members of the OECD accounted for 44.4 percent of the overall volume of industrial production by developed capitalist states, compared with 34.1 percent for the United States, and in overall exports of the capitalist world, these countries surpassed the indicator for the United States by 3.5 times as much (44 percent, as opposed to 12.5 percent).

#### Footnotes

1. "Kapitalizm na iskhode stoletiya" [Capitalism Toward the End of the Century], scientific editor A. N. Yakovlev, Moscow, Politizdat, 1987, 462 pages, 2 rubles 30 kopecks; "Vlast krupnogo kapitala" [The Rule of Big Capital], Ye. S. Khesin, editor in chief, and others, Moscow, Mysl, 1987, 333 pages, 1 ruble 50 kopecks; I. P. Faminskiy, "Ekonomika sovremennogo imperializma: otvety na voprosy" [The Economics of Contemporary

Imperialism: Answers to Questions], Moscow, Politizdat, 1987, 176 pages, 40 kopecks; V. V. Zharkov, "Zloveshchiy molokh: Transnatsionalnyy voyennyy biznes v deystvii" [The Sinister Moloch: Transnational Military Business in Action], Moscow, Mysl, 1987, 379 pages, 1 ruble 60 kopecks.

COPYRIGHT: "Kommunist Vooruzhennykh Sil", 1988.

8936

#### 'Crisis' in International Communist Movement Related

18070065 [Editorial Report] Moscow PRAVDA in Russian for 19 January 1988 carries on page 4 a 1400-word item by Vitaliy Korionov, PRAVDA political observer, entitled "At the Pass." In his article, Korionov discusses the possible existence of a "crisis of communism." As he states in his introduction: "Recently I met with a group of young students. The young people asked me in detail whether the international communist movement was really experiencing a 'deep crisis', as the bourgeois press persistently claims, what were the reasons for the difficulties being experienced by the communist movement and whether it was able to cope with them. Also, a letter from Yerevan arrived here at the editorial board. Its author, Kh. G. Sarkisyan, writes with concern that in some countries a process is occurring of 'factionalization of the forces of the working class', one expression of which is the rise of so-called parallel communist parties. The editorial board receives many similar letters. As a result, the idea arose to discuss some of these questions on the pages of the newspaper."

Korionov devotes the body of his article to countering the doubts about world communism. He points out the growth in membership from 400,000 seventy years ago to 85 million currently. Even Lenin recognized the difficulties of the revolutionary process. Korionov adds, noting that it has become even more complex. He states: "It is necessary to frankly recognize...that a part of the traditional leftist forces [in Western Europe] was late in drawing conclusions from the changes taking place in society, from the appearance of new forms of protest against various aspects of the capitalist system..." However, he concludes, "The communist movement knows how to cope successfully with the tasks facing it at a qualitatively new stage of development."

### International Marketing Specialists Conference in Havana

18250023a Moscow PRAVDA in Russian 23 Nov 87 p 6

[Article by L. Chausov, *Pravda* correspondent: "The Socialist Community. The Benefit of Marketing. A Specialist's Opinion"]

[Text] A comprehensive approach to managing the production and sale of products that is guided by consumer demand and needs. This is the definition of the concept of marketing under the conditions of a socialist economy. This term has now entered into economic usage in many socialist countries. Marketing has an important potential for improving their economic mechanism, for the development of direct production ties between partners, and for an increase in the quality of goods.

The eighth international meeting of marketing specialists of socialist countries convenes tomorrow in Havana. Before our delegation departed, *Pravda* correspondent L. Chausov talked with Doctor of Economic Sciences A. Goryachev, chairman of the section on marketing problems at the USSR Commercial and Industrial Chamber.

He says that all participants derive a concrete benefit from similar conferences. For example, the experience of socialist states of Europe where marketing is now actively taking root and spreading is of interest to us.

Our CEMA partners are earnestly preparing cadres of specialists, many enterprises have established appropriate services, and special literature is being published regularly—let us say, the journal *Marketing* in Budapest.

There is widespread practice based on cost accounting principals of specific marketing research ordered by enterprises and organizations. Thus, the Institute of Industrial Economics in Sofia already has a method for the development of marketing programs, and structural standards it devised have been prepared for the management of economic activity. In many enterprises of Hungary's light industry, knowledge of the needs of the market is assumed as the basis of "page proofs" of production plans. Activity in this direction is also being initiated in Poland. The experience of combines in the GDR also deserves attention. The principle there is not so much the sale of new equipment as the sale of new methods of resolving one or another problem. What does this give? It concentrates the efforts of a collective first and foremost on gains in which the buyer is also a winner. Moreover, there is an economy here of raw materials, energy and other materials. . . And in the final analysis there is a strengthening of competitiveness, "winning" and keeping a market.

There are quite a few "enticing" examples of this kind for Soviet managers. In turn, the acquisition of detailed data on that work in this sphere which is unfolding in the

USSR and the needs of our market have an important significance for specialists of fraternal countries. In short, interest in the development of marketing research is mutual.

How does the matter stand with marketing in the economic interaction between CEMA member countries? Here, alas, the situation is far from optimal, A. Goryachev continues. Frankly, there are not many actual results of business approaches to the organization of marketing ties. What are the reasons? The effectiveness of our cooperation is influenced by an information "famine" and the lack of a necessary organizational and technical infrastructure at the level of individual production units. And because of this, obstacles arise in the establishment of direct ties and the creation of joint enterprises, and an estimate of the potential for product sales and entry into third world markets is made difficult.

Modern methods of studying consumer demand are also not utilized adequately in our foreign economic contacts. Practice indicates that enterprises and organizations in socialist countries are frequently much better informed about the market condition of capitalist states than they are about the specific needs and capabilities of CEMA partners. At the same time, it is precisely in the fraternal countries that the main part of foreign trade turnover occurs. And it is right here that marketing is indispensable. Also, the question should not be about the utilization of its individual elements but about a comprehensive application—taking into account conformance to the socialist method of production—of marketing principles as a purposeful organization of managing the entire process: "scientific development—production—sale—service." The answer as to why this is necessary is simple. In order to produce what is needed, and not to sell what is produced. It is this and only this.

. . . The European Marketing Research Society, the European Industrial Marketing Association and the European Marketing Academy. Specialists from socialist states periodically participate in their work. However, the chairman complains, there is still no association of scientists and practitioners from socialist countries. There are, however, a number of good examples of bilateral contacts. One can single out, in particular, the joint work of the Hungarian Institute of Market Research and the Center for Market Study of the Polish Chamber of Foreign Trade. They are developing marketing programs on a contractual basis pursuant to orders from economic organizations, and they are maintaining an accelerated search for partners for foreign trade activity and the establishment of direct ties.

Today there is a clear need to create an appropriate international organization which will unite those practitioners and researchers in socialist countries whose activity is associated with marketing. This will make it possible to speed the process of applying an important



economic tool in management work, to improve the training of specialists, and to arm them with modern methods of managing production and marketing activity. . .

The practice of cooperation of the fraternal countries in various fields is convincing evidence that a concentration of joint efforts is the most effective means of resolving urgent national economic tasks. This inference also applies fully to setting up stable cooperation in the sphere of marketing, the scientist concludes. It is also time here to get down to business. The time has come for decisions.

13052

### **CEMA Commission on Transport Meeting in Kiev**

#### **USSR Transport Minister Speaks**

18250026a Moscow GUDOK in Russian 24 Nov 87 p 1

[Unattributed article: "The Range of Interaction"]

[Text] *The 78th Session of the CEMA Standing Commission on Collaboration in the Realm of Transport opened today in Kiev.*

The ministers of transport and experts of the fraternal socialist countries—Bulgaria, Hungary, East Germany, Cuba, Mongolia, Poland, Romania, the Soviet Union, Czechoslovakia and Yugoslavia—are discussing a wide range of issues associated with assimilating the growing international shipping of freight and passengers, the comprehensive development of transport equipment, the solution of difficult problems of scientific and technical progress using common efforts and the formulation of new and efficient forms of collaboration.

We asked USSR Deputy Minister of Railways Valeriy Nikolayevich Butko to relate the significance of international transport ties and the problems that will be considered at the conference that is opening up:

Railways—They join together all echelons of the economies of the socialist countries and aid us in uncovering and putting to people's use the riches of the earth and developing cooperation and production specialization. They seemingly bring our peoples closer together, ease the communication of peoples and facilitate the development of cultural ties and tourism.

The railroads are a most important means of communication among the socialist states. Over 40 percent of the international shipping done by all forms of transport falls to their lot today.

The CEMA Commission on Transport does much to see that the gigantic shipping conveyor operates without interruption and efficiently and to see that disruptions do not occur at its junctures. Particular attention is devoted to the systematic and proportional increase of

capacity with a regard for future prospects, first and foremost at the borders and approaches to them and in the ports. Much reconstruction work has been done of late in the USSR with the aim of increasing the throughput and handling capacities of the Brest and Chop-Batevo border centers. Approaches to new maritime ports have been built.

Railcars and vessels still frequently stand idle at border crossings, however, and freight piles up. And this happens due to mistakes in planning, a lack of coordination in the actions of the workers of various departments and breaches of technology. The discussion at the CEMA Commission on Transport session will doubtless turn on how to make radical corrections in the matter and arrange smooth operations at the junctures. The capabilities of the ocean-going steamship ferries of Ilichevsk-Varna and Klaypeda-Mukran are still underutilized. Joint and well-coordinated actions are needed here.

The development and improvement of the Interexpress international passenger-transport system deserves steadfast attention. The 1987-88 schedule, after all, includes an additional eight trains. The task consists of further increasing route speeds, reducing times enroute and raising the standards of passenger service.

The possibilities for the development of scientific and technical collaboration among the transport workers of the fraternal countries are great, especially in the fastest possible creation and incorporation of management automated systems for shipping and planning, modern automation and remote-control devices, robot technology and mechanization equipment for labor-intensive processes. The problem of the rational utilization of fuel and power resources is taking on great acuity. Much remains to be done in the realm of transport-equipment standardization. The development of fruitful international collaboration by specialists will doubtless have great significance in the successful resolution of this and many other crucial tasks. And the session of the CEMA Standing Commission opening today will doubtless set the tone for this great and crucial work.

#### **Session Proceedings Reported**

Moscow GUDOK in Russian 26 Nov 87 p 3

[Telephone report by unnamed GUDOK special correspondent, Kiev: "The Collaboration of Transport Workers: Restructuring is Underway—The Session of the CEMA Standing Commission"]

[Text] As has already been reported in *Gudok*, a session of the CEMA Standing Commission on Collaboration in the Realm of Transport began here on November 24. Included in its work are delegations from Bulgaria, headed by Minister of Transportation V. Tsanov, Hungary, headed by Deputy Minister of Transportation R. Krezl, East Germany, headed by Deputy Minister of Transportation H. Gerber, Cuba, headed by Deputy Minister of Transportation R. Orro, Mongolia, headed

by Minister of Transportation D. Yondonsuren, Poland, headed by Deputy Minister of Transportation and Communications A. Dobre, the Soviet Union, headed by Minister of Railways N.S. Konarev, Czechoslovakia, headed by Deputy Minister of Transportation R. Hovan and Yugoslavia, headed by Deputy Chairman of the All-Union Council of Railways and Communications P. Radenovic, as well as key staff members of the CEMA apparatus.

The conference participants were warmly greeted by UkSSR Council of Ministers Deputy Chairman A.Z. Khomich.

In opening the plenary session, the chairman of the CEMA Commission on Collaboration in the Realm of Transport, J. Kaminski, emphasized that this is an especially critical period in the work of transport workers. A serious restructuring is underway in practically all of the CEMA member countries, and radical changes are taking place in economic policy. And this requires a determined restructuring of the whole mechanism of collaboration, in all echelons and at all levels. A new concept of collaboration is needed aimed at the most efficient utilization of the rich opportunities that are opened up by the international division of labor. Starting this year the commission will also be engaged with problems of air transport. And this means that the range of its activity will broaden, most importantly in altering the nature of work in concentrating efforts on solving the cardinal problems in the development of transport, planning and the raising of quality and shipping efficiency. The consideration of petty and private issues and problems that trouble one or two railroads should be decisively rejected at plenary sessions of the commission. Chief attention must be concentrated on resolving tasks that have fundamental significance for the whole community of socialist states.

The opinion of the chairman that restructuring is essential and that it should be implemented in the least possible time, that the main thing should be the resolution of strategic tasks, was practically unanimously supported by the leaders of all the delegations. They emphasized that while changing the forms of work and its organization, its substance must also be changed, there must be a determined reduction in sessions and conferences and paperwork, for which there is sometimes not only no time to study but even to read over as it should be, must be reduced to a minimum. How can it be possible to investigate deeply and make fundamental decisions when dozens of issues are advanced at summit-level discussions whose enumeration alone occupies many long hours? A restructuring and a new approach are needed—all are unanimous on this.

Of course, not all issues are resolved easily, on the fly. There are many difficult problems that require especially careful consideration and the weighing of every "yea" and "nay" in each country. These issues especially include the discussion of international transport tariffs.

Today, when all countries are energetically incorporating new business-management methods, self-financing and the recouping of expenditures for shipping is taking on paramount significance. And it is not a simple matter to come to a unified decision. They crystallize gradually in disputes and the juxtaposition of differing points of view.

Those assembled listened with great attention and interest to the report of USSR Minister of Railways N.S. Konarev, who shared experience in the intensification of transport work for the purpose of better utilizing fixed capital and labor and material resources. Having related the scale of freight and passenger shipping on Soviet railroads, the minister dwelt in detail on how train weights are increasing and what is being done to increase static loads and traffic speeds and gave specific examples of how technological restructuring is being implemented. The following example in particular was very accessible. The application of the strip scheduling that was developed by innovative workers for the heavily loaded line running to the Tyumen North has made it possible to increase the scale of traffic by 7-8 pairs of trains.

The detailed description of the Belorussian method, of how to conduct preparation for the transition of the whole sector to full economic accountability and self-financing, was of interest to our foreign colleagues. The minister also related the projected structural restructuring of the sector. The amalgamation of the main administrations of MPS [Ministry of Railways] and the railroad services with a change in their functions will make it possible to reduce considerably the administrative apparatus and better combine centralization with initiative and the operational independence of the transport subdivisions in the localities. Structural restructuring should be combined with a technological one, but it can in no event be permitted that it has a negative effect on shipping operations and the rhythm of the gigantic conveyor. At the request of our foreign colleagues, the minister also spoke on preparing railroads for winter and on those measures that are being undertaken to avoid disruptions during extremely cold weather and storms.

The commission is continuing its work.

#### **Polish Transport Minister Interviewed**

*Moscow GUDOK in Russian 27 Nov 87 p 3*

[Telephone report by GUDOK special correspondents V. Denisenko and Ye. Kkrakovskiy, Kiev: "Facets of Collaboration among Transport Workers—The CEMA Standing Commission Session Concludes"]

[Text] A session of the CEMA Standing Commission on Collaboration in the Realm of Transport took place here over three days from November 24 to 26. A whole set of questions was discussed associated with restructuring all of the commission's work in accordance with contemporary requirements was discussed. The development of

transport contacts among the fraternal socialist countries, shipping capacities and ways of strengthening and modernizing them were analyzed. Particular significance was assigned to the Unified CEMA Member-Countries Container System and the shipping of freight in parcels and on pallets. This would make it possible, in the face of different types of transport and varying gauges, to reduce the labor-intensiveness of shipping operations considerably. And this means a gain of time, the better utilization of rolling stock and other equipment and a sharp reduction in transport spending.

The prospects for delivering perishable freights are being considered. Steadfast attention has been devoted to accelerating scientific and technical progress in transport—the electrification of railroads, the creation and incorporation of robots and robotized process systems and collaboration in the development and production of automation systems on a new elemental base and in the application of modern diagnostics equipment, as well as other progressive equipment and technology.

Discussions took place with the leaders of delegations at the UkSSR Council of Ministers. The roundtable meeting with eminent Soviet transportation scholars was interesting.

The participants in the session placed bouquets at the monument to V.I. Lenin and the Tomb of the Unknown Soldier in the Park of Eternal Glory and visited several leading transport enterprises in Kiev.

The decisions made at the commission's session will doubtless facilitate the deepening and expansion of collaboration among the transport workers of the CEMA member countries and an acceleration of integration processes.

The editors of *Gudok* asked the leaders of the delegations to answer three questions during the commission's work:

1. What does collaboration within the framework of the Council for Mutual Economic Assistance give to your transport industry?

2. What ways do you see for improving the interaction of transport workers in the socialist states?

3. What is your opinion of technical progress in rail transport and the role of international collaboration in this?

These questions are answered today by J. Kaminski, minister of transportation, navigation and communications of Poland and the chairman of the CEMA Standing Commission on Collaboration in the Realm of Transport.

1. It is widely understood that the transportation and railways of our countries are joined with each other, which makes it possible for the integration of the economy to materialize and serves the development and reinforcement of cultural ties among the our peoples and widespread communication of peoples.

Within the framework of CEMA we are determining shipping plans for the upcoming year and for the future. This makes it possible to increase shipping capacity and prepare rolling stock in good time. Close interaction and a combination of forces herein makes it possible to reconstruct and modernize the shipping conveyor in comprehensive fashion and to avoid disproportions at the junctures of it.

Say that we Poles, in conjunction with our Soviet colleagues, reconstruct border railroad crossings and the approaches to them according to a unified program. For example, we recently coordinated another route for the passage of international passenger trains. They leave Warsaw through Kuznitsa to Grodno and on to Moscow and Leningrad. We have much work ahead of us, of course. Electrifying the line to Grodno. Building a powerful switchover station. The spending will be considerable, but we will recoup it.

And we get so much from all the personal meetings and contacts among scholars, specialists and the permanent exchanges of information. When we heard about the Belorussian experience, we decided to become acquainted with it in detail. My longtime friend Comrade Andreyev, the chief of the Belorussian Railroad, gladly agreed to relate everything in detail to our transport commanders and specialists.

I am pleased by the diversity of forms of interactions. Contacts are accomplished not only at the level of ministries and scientific research institutes, but also, and this is most important, among the lower echelons, among the immediate executors. The collectives of many of the repair plants of Poland, the Soviet Union and East Germany and the collectives of border and sorting yards, depots and other enterprises have already collaborated fruitfully in this manner for a long time.

In general, our collaboration has great significance. It is a multiplication of forces and a mutual enrichment through experience. It is a solid foundation for harmonious, well-defined and efficient joint work and for sure progress along the path of technical progress and integration.

2. The interaction of transport workers and our collaboration will doubtless improve. The opportunities are extremely great herein, and we are obliged to make use of them. A restructuring of the work of our commission itself and its working organs should play an important role in this cause. Petty questions cannot be dragged up to the highest level anymore. We must concentrate our



forces on resolving strategic issues. It is crucial to determine clearly the directions for the joint coordinated development of transport. The most important and major problems that are of interest to our whole community, and not just an individual railroad or even country, should be brought forth for discussion.

3. I have already stated how much significance we attach to scientific and technical progress. Our specialists are moving roughly along the same path as our colleagues in the Soviet Union. We are electrifying lines, increasing locomotive capacity, incorporating new automation equipment, automated management systems and computers and mechanizing labor-intensive processes.

One simply cannot increase weight norms for freight trains and accelerate passenger traffic without modern equipment. We must provide for the essential throughput capacity on main routes overall.

The construction of new lines costs a great deal. We frequently have to take a different route: making use of intensive technology on existing railroads. Nikolay Semenovitch Konarev spoke at the conference on how the USSR is achieving a sharp increase in train weights.

In speaking of technical progress, one cannot fail to dwell at least as an aside on high-speed passenger traffic. A network of mainline routes for running express trains is being created in Europe. They run through Poland and the Soviet Union as well. A really European-wide scale is essential herein, and well-coordinated actions are needed.

Poland already has three high-speed lines. They unite the capital of Warsaw with the major cities of Cracow, Gdansk, Katowice, Poznan, Bialystok and others. Traffic speed is up to 140 kilometers an hour today. We are hoping to increase it by another 20 kilometers an hour in the coming year. We are introducing regularly running passenger express trains on these lines at strictly stipulated time intervals of, say, an hour or an hour and a half. The passenger will know that he will not have to wait long for a train linking the two cities. I know that similar plans exist in the Soviet Union as well. I am sure that the regular running of long passenger express trains is the most efficient way of raising the level of passenger service today. And the transport workers of the countries in the socialist community are proceeding in that direction, as they say, arm in arm.

**Cuban, Hungarian Officials Interv. (wed)**  
*Moscow GUDOK in Russian 28 Nov 87 p 3*

[Unattributed article: "The Impact of Cooperation"]

[Text] *As has already been reported, a conference of the CEMA Standing Commission on Collaboration in the Realm of Transport took place recently in Kiev. The leaders of the delegations from the CEMA member countries answered the following questions from the editors of Gudok:*

1. What does collaboration within the framework of the Council for Mutual Economic Assistance give to your transport industry?

2. What ways do you see for improving the interaction of transport workers in the socialist states?

3. What is your opinion of technical progress in rail transport and the role of international collaboration in this?

**R. Orro, Deputy Minister of Transportation of Cuba**

1. Collaboration is always fruitful, and when many friendly countries with a great deal of experience in this or that matter at their disposal take part, the benefit is always great. Cuba is developing rapidly today, and therefore the support and fraternal aid on the part of the Soviet Union and the other socialist countries is very important to us. We are drawing much that is useful from our friends. And we see a manifestation of proletarian internationalism in this cooperation and this mutual aid.

Many examples could be cited that visibly demonstrate what we get from collaboration with the transport workers of the CEMA member countries. The USSR in particular renders much aid in the development and improvement of rail transport. The Soviet Union, Bulgaria, East Germany and other socialist states are helping us to develop ports and mechanize labor-intensive loading and unloading operations. We are making use of the experience of a number of countries in improving the operation of motor-vehicle transport. Our Hungarian friends are helping us to develop our urban transport. With the most active assistance of the USSR, we are developing our civil aviation and raising the efficiency of airliner flight organization and management and the arrangement of their maintenance and repairs. And it is difficult, of course, to evaluate everything that the CEMA member countries are doing to train and raise the qualifications of key personnel for Cuba, including transport workers.

2. The experience of our colleagues from other countries in the resolution of specific urgent issues and assistance is accelerating our traffic along the path of technical progress is very important to us in addition to the resolution of global strategic tasks in the interaction of transport workers. By way of example, a group of Soviet specialists recently visited Cuba. They helped us to devise concepts for the development of the railroad network on the island. In copying the experience of friends and making use of equipment and technology created in the fraternal states, we try to take our specific situation and concrete conditions into account. Direct imitation and uncritical copying of that which has recommended itself very well elsewhere can inflict harm to the cause.

3. Today we have principally diesel traction on our railroads. We feel that it would be expedient to electrify a number of lines in the future. Work is already being done in this area. In the next five-year plan, we will try convert the first line to electric traction. Our specialists of course still cannot set the tone on the mainline routes of technical progress in transportation. But our assistance, our participation, our experience could be useful in some way to our colleagues from the other CEMA countries. Cuba has an excellent test track for testing new transport equipment. Locomotives and other railroad apparatus that successfully pass the test in our country under tropical conditions will enjoy increased demand in the international markets. And this will expand the export capabilities of the enterprises of the socialist states that produce transport equipment.

In conclusion, I would like to thank sincerely the Soviet people for their warm reception and great assistance. I have not been to Kiev in 16 years, and I was pleased to see the gratifying changes that have taken place over the years and the achievements of your leading transport enterprises.

**R. Klezl, Deputy Minister of Transportation of Hungary**

1. The transportation of the Hungarian People's Republic carries out a great deal of international passenger and export-import freight transport, including transit freight. This conditions our close interconnection with the transport systems of the socialist countries.

Multilateral collaboration within the framework of CEMA embraces a wide circle of issues. Particular significance is imparted to devising long-term programs for the coordinated development of the principal international mainlines. The chief directions of scientific and technical progress are more easily determined and the incorporation of its achievements is eased through joint efforts. The material and technical base of transport can be developed at a more rapid rate and more efficiently on the basis of specialized and cooperative production.

2. The necessity of improving the organization of the shipping process and incorporating progressive technology along with coordinating all operational activity is moving to the forefront today. Steadfast attention should be devoted to coordinating complex tariff and financial questions.

At this stage, where our collaboration must be raised to a higher level, the principal task, in my opinion, consists of raising the efficiency of interaction. By way of example, more favorable legal, financial and organizational conditions should be created for immediate business contacts among enterprises. It would be expedient to proceed more decisively toward the creation of joint enterprises.

3. The main trends of technical progress in the railroads have already become crystallized through both the practices of the socialist countries and through worldwide ones. The next step is to bring the projected programs to realization in a coordinated fashion through common efforts without procrastination.

12821

**CEMA Transport Ministers on Cooperation, Role of Railroads**

18250039 Moscow GUDOK in Russian 2 Dec 87 p 3

[Unsigned Article: "Vistas of Cooperation"]

[Text] *We continue the publication of answers to questions posed by the editors of GUDOK to transportation leaders in the CEMA countries.*

1. What does cooperation within the CEMA framework provide to transport in your country?

2. What do you see as the ways to improve cooperation among transport workers in the socialist states?

3. What is your view on technical progress in railroad transport and the role of international cooperation in this?

**D. Yondonburen, minister of transportation, Mongolian People's Republic:**

1. In the mid-1970s, within the framework of the Standing CEMA Commission on Transportation, our specialists jointly with colleagues from the countries of the socialist community, developed proposals for the creation of a unified effective road network — a Mongolian transportation system — and measures to strengthen its material and technical base. The CEMA countries are participating most actively in implementing this plan.

The contribution of the Soviet Union is especially great. The Salkit - Erdenet, Bagahantai - Baganur and Ayral - Borundur rail lines, which extend a total of more than 300 km, have been built with its technical and economic assistance. Roads have been laid in concert with the building of necessary facilities for production, culture and social amenities. The new lines are of great economic importance for the development of rich copper-molybdenum, coal and fluorspar fields.

We are strengthening the existing main lines. The volume of work is increasing. Currently rail carries more than 70 percent of the overall freight turnover in the country. The indices of use of transport resources have improved significantly.

The Soviet Union is also helping us strengthen the material and technical base of motor transport. In particular, in Ulan-Bator an automobile trailer factory has been built and technical service stations for 1500 trucks



and 400 buses have been developed. We are also erecting such large enterprises in other cities and aymak [rayon, district] centers. Automotive diagnostics laboratories have been built with the help of the USSR, the Hungarian People's Republic and the GDR [German Democratic Republic].

All of this is convincing evidence of the great benefit of large-scale cooperation, and yet opportunities for its development are still great.

2. As is known, without a powerful and precisely functioning transport link among the CEMA countries, effective international division of labor and the development of foreign trade ties are unthinkable. Thus far our countries still suffer substantial losses from slow deliveries and damages to exported and imported goods. The standards of passenger service are also inadequate. And in the program documents for cooperation for the next decade it will be advisable to provide for a fundamental comprehensive improvement in transportation links and quality of services, a sharp reduction in expenses and maximum economizing of resources.

3. Technical progress is the foundation for improving the quality of passenger and freight deliveries. A fundamental improvement in equipment being used on the steel main lines, based on their reconstruction, modernization and electrification, is taking on special urgency for us.

I would like to take this opportunity to wish the readers of GUDOK great successes in implementing the historic decisions of the 27th CPSU Congress, good health and well being.

**H. Gerber, deputy minister of transportation, GDR:**

1. The effect of cooperation is great and multifaceted. The Germans will never forget the great assistance we received from the Soviet Union in restoring our transportation after the war. Every year our cooperation develops and grows stronger. Now, due to the world's largest ferry crossing at Klaipeda - Mukran, a virtually direct rail link exists between our countries.

Cooperation helped the CEMA countries systematically and comprehensively build up the capacities of the main lines along which primary international freight and passenger shipments are carried out. Coordination of plans for the development of transport and shipments is most important in our cooperation. The task is to improve their soundness and precision and achieve efficient fulfillment of all that has been planned.

2. A directive on serious restructuring was approved at the 43d CEMA session. It, of course, also concerns cooperation in the field of transportation. It is important to concentrate attention on solving strategic tasks, and to change effectively the structure of the operating organs of the CEMA transportation commission. It is true that not all are yet agreed on radical solutions. There are

those who favor the retention of the existing structure and the expansion and detailing of plans for coordination. Various points of view are entirely natural when speaking about a large community. I am sure that in the immediate future we will find, through our joint efforts, optimal decisions that satisfy all and, most importantly, are useful for our cause. For this purpose the work of our Standing Commission on Transportation should be organized efficiently. Above all the work itself must dictate the composition, structure and functions of its working organs. Undoubtedly it is necessary to avoid in every way parallelism in the work of the organs entrusted to engage in the development of cooperation, and to prevent the endless setting aside of questions from one session to another and the multiplication of paper, from which little will result. I am an optimist. I believe that through our joint efforts we will achieve success.

3. The main thrusts of the development and technical progress of our republic's transportation system are dictated by the need to achieve complete, timely and effective satisfaction of the needs of the economy and population for shipments, and to improve the quality of passenger service. This is a common task for all of our countries. In solving it we in the GDR are relying primarily on energetic introduction of advanced transportation technologies, and fundamental improvement in control of shipments through the use of computers. I am speaking about fundamental changes in the very nature of the work of the dispatching apparatus at all levels. Cooperation and the use of the experience, knowledge and practical achievements of the various countries will undoubtedly help speed up the solving of these tasks and, thus, also technical progress on the railroads.

We Germans and, it seems, you Russians as well, have a proverb: Why reinvent the bicycle every time? This also relates to the creation of new equipment and technology in transportation. Why develop something anew and spend time, forces and resources, if our friends already have good experience in this matter? It is better to adopt this experience as quickly as we can.

An important direction of technical progress in transportation in the GDR is the desire to reduce energy costs to a minimum. River transportation is most advantageous with respect to energy. Then comes rail transportation. Automotive transportation has the greatest relative fuel expenditure. Unfortunately, rivers and canals do not exist everywhere. But, where they do exist we strive to make maximum use of the opportunity for river shipments. The railroads are the main link in our transportation system. They extend 14,000 km and haul approximately 350 million tons of goods per year.

Recently we switched millions of tons of goods from the highways to the railroads. Now railroads accomplish approximately 80 percent of domestic shipments. Moreover, electrification of the lines will have a great energy-saving effect.

Of course, automotive transportation is being retained, but the sphere of its activity is becoming more efficient. It has mainly a distributive function. Shipments are being redistributed among transportation types not only by administrative, but also by economic measures. Tariff policy and the material incentive system aim at this in particular.

I request the opportunity to transmit through your paper, on behalf of the 250,000 railroad workers in the GDR, wishes to our Soviet colleagues for great new successes in their noble work, happiness and well being.

9069

### Foreign Trade Expansion Poses Price Setting Problems

18250037 Kiev *RABOCHAYA GAZETA* in Russian 24 Nov 87 p 3

[Article by V. Karpich, candidate of economic sciences: "What Price and Why?"]

[Text] At present USSR foreign trade with the capitalist and developing countries is based on prices for corresponding goods on the world market. In relations among the CEMA countries a special system of price formation operates, which took shape and developed over the course of more than three decades.

The appearance of industrial enterprises, associations and organizations on the foreign trade arena, the development of their direct ties with partners from the fraternal countries, and the creation of joint enterprises and firms, with both socialist and capitalist partners, pose new and very difficult problems to the price formation system. Their complexity, besides the complexity of the subject itself (after all, price directly affects the interests of both the seller and buyer), is exacerbated by the novelty of the price aspect for economic leaders of all ranks. For the first time in many decades, it is not an experienced Ministry of Foreign Trade employee sitting at the table of trade negotiations, but a factory, association or institute manager, who, as we know, is not always sufficiently educated even in questions of the domestic economy.

For many years the concept of price was perceived by economic officials as something not directly related to production. Our job, they would say, is to provide the plan. Now, despite all of the opportunities to involve specialists on market conditions, on estimates, and on legal questions, it is the economic manager who has to decide the question of price. Of course, work will be carried out to improve the qualifications of those who are authorized or entrusted to operate in the foreign market. However, I can assert unconditionally that the problem of price in relations with foreign partners will always remain one of the most complex.

At present the Soviet Union maintains trade relations with 145 foreign countries, of which 118 are based on intergovernmental agreements. USSR foreign trade exchange in current prices was 131 billion rubles (rounded) in 1986 (68.3 billion export and 62.6 billion import). Trade with the socialist countries amounted to 87.5 billion rubles. The CEMA countries remain the main trading partners of the USSR; they account for 62 percent of all exports and 60 percent of Soviet imports, and a total volume of 80 billion rubles of commodity turnover. Behind these figures stand many thousands of contracts, agreements and transactions, and a tremendous amount of research, organizational and operational work by tens of thousands of branch specialists and foreign trade workers. With the arrival of the production element in the foreign market the number of transactions

and their participants is sharply increasing. And in each transaction price is the center of attention: it is necessary to know precisely what is the price and why.

Posing the fundamental task of shifting to economic management methods in foreign economic activity as well assumes an ever fuller use of commodity and monetary relations. The combination of plan initiatives and commodity-monetary relations at various stages of development of the international market of the CEMA countries differed, and as a result different requirements were put forward for the system of prices that serves commodity exchange among these countries.

At the 9th CEMA session in 1958 were approved the general principles of the establishment of prices in foreign trade among the socialist countries and the method for determining the world prices used in this effort. With some additions they are in effect at the present time. The main features are ensuring mutual advantage, and contributing to the systematic development of the economy, the expansion of commodity exchange, and all-round economic cooperation among the socialist countries.

In establishing prices in mutual trade, the CEMA countries proceed from the prices that have taken shape in their commodity exchange over a number of years, on the basis of world prices, but guarded against the harmful influence of the conditions of the capitalist market, with its inherent ups and downs. Under the conditions of the capitalist market, cyclical, speculative and other factors of a non-production nature, as well as the policies of monopolistic associations, have a strong influence on prices. Therefore, within the CEMA framework the prices of world commodity markets taken as a base in mutual trade are freed of these influences. The most widespread method of this freeing is the averaging of indices for a number of previous years. Without eliminating long-term stable tendencies of change in the levels and relationships of world prices, they make it possible to exclude both cyclical fluctuations, and various types of deviations within the period of a cycle.

Whereas, for fuels and raw materials products, which have virtually unchanging characteristics, there are no special difficulties in determining comparable world prices for a number of previous years, for finished products, which are subject to rapid replacement, it is difficult to structure a series of prices. It is especially difficult to do this for sub-assemblies and parts, which are usually delivered through intra-firm exchange, and for which prices are established by firms partially depending on various considerations of a financial nature, for example, under the influence of differences in taxation of individual states where cooperating affiliates of firms are located.

Since the end of 1973 a fundamental change has taken place in price levels and relationships for entire groups of commodities, caused mainly by the spasmodic increase in oil prices. In 1975 the CEMA countries agreed to

reexamine the previously accepted prices of their mutual foreign trade, taking as a basis world prices, averaged no longer for five, but for the three previous years, 1972-1974.

Since the movement of world prices continued and was step-by-step in nature, especially prices for oil (for example the price of one ton of "light" Arabian oil rose from 1973 to 1980 from \$24.30 to \$211.40), for 1976-1980 the CEMA countries agreed to establish prices annually on the basis of world prices, averaged for the five immediately preceding years. Thus, for 1977 they were established based on world prices for 1972-1976; and for 1978 based on the years 1973-1977. This procedure for price formation was retained until 1985.

The use of a constantly changing "sliding" five year period of average world prices made it possible to shift their new proportions to the mutual trade of the CEMA countries gradually and smoothly, thereby making it possible for the economies of the countries to restructure themselves and accept them (for example, in 1979 the average price of one ton of oil was 114 transferable rubles, and the USSR delivered it to the CEMA countries for 69).

Now the time is coming to determine the position of the CEMA countries in the establishment of prices for the next five-year plan. Naturally, the new management conditions and the ever broadening participation in export-import operations of direct producers (enterprises and associations) must be taken into account.

Obviously, the point of departure of mutual trade prices for the main volume of commodity exchange will remain world prices. The need to "free" them requires averaging for a certain period, the duration of which, in the opinion of different economists, may vary from 1 to 5 years. And under certain conditions we can also not exclude the possibility of using current world market prices. It is also obvious that general basic statutes on price formation should make it possible for enterprises moving out on the foreign market to establish any prices that will provide them with mutual advantage and stimulate the development of cooperative ties. Moreover, in the practice of foreign trade relations of the CEMA countries it has become traditional to take a special approach to prices for goods sold by and purchased from the three less developed partners — Vietnam, Cuba and Mongolia.

The role of contracted prices, according to which the CEMA countries trade, and their regulating influence on production, its structure and volume, and on the effectiveness of foreign economic ties, will grow as economic accountability and the development of self-financing and reimbursement are strengthened.

The thrust of the contract price system, and of all of its elements, is to stimulate cooperation and specialization of the CEMA countries, and to create interest in the development of new forms of international production, and economic and scientific-technical cooperation.



**Presidential Candidates' Positions on Arms Issues Viewed**

18070071 Moscow SOVETSKAYA KULTURA in Russian 1 Mar 88 p 7

[Article by special APN and SOVETSKAYA KULTURA correspondent Edgar Cheporov: "Whom to Elect?: Remarks on the U.S. Presidential Electoral Campaign"]

[Excerpt] Along with economic and social problems, questions of keeping the peace and disarmament will now be more acute than ever before. Here is how the main presidential candidates approach the voters in this area.

Dukakis. The only way to protect against the horrors of nuclear war, he believes, is the avoidance of such a war. As president he would reduce military expenditures and set up "star schools" instead of "star wars."

Gephardt. He is for observance of the SALT-2 and ABM treaties and negotiations with the Soviet Union to curtail the arms race.

Jackson. He opposes SDI and is for observance of the SALT-2 Treaty, negotiations on disarmament, and the traditional interpretation of the ABM Treaty.

Bush. He supported the Washington INF Treaty; his positions are considered to be the most pacific of the Republican candidates.

Dole. He voted against banning nuclear weapons tests, the moratorium on anti-satellite weapons, and the traditional interpretation of the ABM Treaty. He is for MX missiles, chemical weapons, and SDI. He supported the Washington Treaty after lengthy opposition.

Kemp. The main thing in his presidential program is anticommunism and the demand to increase military spending. He intends to transform the elections into a referendum on SDI. He has always voted for the MX missile, the B-1 bomber, the neutron bomb, and nerve-paralytic gas and against all treaties aimed at disarmament. He called the Washington Treaty a "nuclear Munich threatening the future of the NATO countries."

Robertson. He supports an "inflexible" policy. If president, he promises to close all Libyan ports, mining them. He is against agreements with the USSR on arms control.

The candidates cannot avoid concrete and detailed definition of their positions in regard to curbing the arms race. But Kemp and Robertson, if they are to remain alive in the last stages of the election marathon, have to explain why they support this race. The visit of the U.S. President to the Soviet Union, ratification of the INF Treaty, the possible signing of new, even more extensive agreements on nuclear weapons reduction are before us. The American elections cannot fail to be influenced by

these events. I think that they will determine to a great degree the voters' attitude toward their candidates and the politician who will become the new president of the United States. UD/331

**Pressures in U. S. for Increased Defense Spending Viewed**

18070068 Moscow KOMMUNIST VOORUZHENNYKH SIL in Russian No 1, Jan 88 pp 81-85

[Article by N. Chernyshev, candidate of economic sciences and lecturer, under the rubric "The Contemporary World: Problems, Trends and Contradictions": "The United States: Up the Militarist Ladder"]

[Text]

**The Escalation of Military Programs and its Socioeconomic Consequences**

The politicians in Washington who think soberly, including certain members of Congress, are uneasy about the course toward an arms buildup which is leading toward increased tension in the international arena. For our planet has become too fragile in the nuclear century for methods which make use of force in foreign policy. Realizing this, many Americans and representatives of different political forces and the public throughout the world welcomed the Soviet-American summit meeting held in December 1987 and the signing of an agreement eliminating intermediate-range and tactical and operational missiles.

However, there are a considerable number of malicious opponents of this historic document across the ocean. As if by command, they closed their sinister ranks on the eve of the signing. And in the name of a new round in the anti-Soviet campaign, they deployed a broad front of attack on the policy of lessening the nuclear missile danger and reducing arms with the aim of wrecking the Soviet-American dialogue.

"If the talks between the United States and USSR take place as planned, future historians may well be able to call 7 December 1987 the second sinking (referring to 7 December 1941, the day that the Japanese attacked the major American air and naval base at Pearl Harbor—Editor) of U. S. defense forces." This is the view of one of the "hawks," Lieutenant General D. Graham, retired, head of the extremely warlike organization "High Frontier" ["vysotnaya granitsa"]. Views such as this are held by many representatives of Washington's most powerful, aggressive and reactionary circles, who hold state, political and economic, and military levers in their hands.

During the Soviet-American meeting at the highest level, some people in the United States indicated their preparedness for the most unseemly acts to keep the "image of the enemy," that is, the USSR, in the public consciousness. Even some official departments, primarily



the USIA, took steps to sow additional seeds of distrust and suspicion toward our country. In particular, this was expressed in the dissemination of appropriate tendentious materials. Why is all this being done? Isn't it really, as some observers believe, in order to force through and justify new military appropriations more easily by the use of political speculations about the "image of the enemy" and the "sinister force?"

Having the perfected machinery of extracting superprofits in the military business at its disposal, U. S. imperialism is attempting to shift the heavy burden of the arms race onto the shoulders of the peoples of the world. At the same time, far-reaching global objectives are being pursued. First of all, to slow down the process of social reforms in the world significantly. Secondly, to ensure a "golden century" for the industrial and financial oligarchy by relying on its military and technical potential. Thirdly, to unite the NATO countries and Japan on a militarist and anti-Soviet basis after lessening the tension of rivalry among the imperialists and weakening the peoples' anti-imperialist, antimilitarist front at the same time. Fourthly, to wear out the Soviet Union financially and economically after imposing military programs of unprecedented expense on it. In this connection, it is appropriate to cite the opinion expressed at one time by the American General Le May, who thought that the arms race serves the purpose of the United States, because America will become richer and richer and the Soviet Union will become poorer and poorer.

It is important to direct attention to the views of Washington officials that have evolved in approaching the escalation of appropriations for military purposes. Looking back with caution at agreements with the USSR in the military-strategic area, the administrations of R. Nixon, G. Ford and J. Carter still attempted to conceal increases in them. But the present administration, which has openly pursued a course of stepping up the arms race, including in space, since the very beginning, has not concealed the increased flow of dollars for military programs.

From 1981 to 1987, U. S. military appropriations increased by actual calculation (taking the price index into account) four times faster than during a similar period in the 1970's. The proportion of military expenditures in the gross national product (GNP) rose from 5.3 percent in 1981 to 6.6 percent in 1987. And while the overall increase in the country's industrial production amounted to only 13.4 percent, it was more than 70 percent in the military sector.

#### **A Diode for 110 Dollars**

The United States' military appropriations significantly exceed the level necessary for defense. Why, let us say, are vast financial resources allocated to maintain the interventionist rapid deployment forces? After all, they are not intended for defense of the country's territory from foreign attack. Thousands of American soldiers

and officers are stationed at military bases and sites far from the borders of the United States. One of the Department of Defense reports points out that 58 percent of the country's military budget is used to carry out different operations and military activity in the territory of European states that are members of NATO.

The assessment by former U. S. Secretary of Defense R. McNamara is correct in this connection; he noted that the military budget of R. Reagan's administration for the 1984-1988 fiscal years could be reduced by 191 billion dollars without the slightest detriment to defense capability. A similar view is also held by the former director of the Office of Management and Budget, D. Stockman; he considered 20 to 30 billion dollars of the annual appropriations for the Pentagon in the mid-1980's to be unnecessary.

But the most aggressive and reactionary forces in the U. S. ruling circles disregard the objective assessments. Reflecting the thinking of the bosses of the military-industrial complex, the American journal *MILITARY REVIEW* notes: "Further armament gives the West the chance to win a victory, whereas universal disarmament would destroy this chance."

It should be stressed that the Pentagon budget is the largest channel for military appropriations, but by no means the only one. They pass through other departments as well. For example, foreign military assistance and the financing of nuclear tests are dispersed in other budget items. The Space Shuttle flights are financed through NASA. Expenditures to maintain an entire army of secret collaborators and agents of the CIA are not shown officially anywhere at all.

The fact that the Pentagon systematically spends more funds than it is allocated is one of the factors in the annual increase in military appropriations. This is explained to a large extent by the deliberate understatement of the initial estimates for military programs by the sides concerned—the industrial concerns and the Pentagon's regular collaborators—in order to get Congress' approval of them. Thus, the initial cost of one M-1 tank was estimated to be 1.4 million dollars. Today it is 2.8 million dollars, that is, it has increased by twice as much. The original estimate of the cost of an F-18 fighter was 16 million dollars, and the current figure is 29 million dollars.

Only the quality of the combat equipment acquired is evaluated by military acceptance; its cost is practically disregarded. All the same, the Pentagon will pay for everything to the last cent at the taxpayers' expense. And the Defense Department's managers seek to have their subordinates spend all the funds allocated, not to economize them, in order to have a higher level of appropriations the next time.

And what is more, a similar system has been developed for the Pentagon's contractors to rob the taxpayers. It is not surprising that the management and scientific and technical staffs of military-industrial corporations in the United States are 5 to 10 times larger than those of similar French and West German firms. The Pentagon's leading contractors make use of 10 to 100 times more engineers than are required.

Often the Pentagon's suppliers misrepresent statistical accounting and sell military equipment, ammunition, and munitions at prices that are patently speculative. So a 12-foot tape measure which costs 19 dollars and 95 cents at retail was sold to U. S. Navy headquarters for 437 dollars, and a 4-cent diode was sold to the Air Force for 110 dollars. In this connection, the words of A. (Gillis), president of the Institute of World Politics, may be recalled: the cult of military force is devouring the economy of the United States.

By obtaining profitable contracts with the Pentagon to produce military items, the "merchants of death" have improved their financial and economic indicators to a considerable degree. Without exception, all the military-industrial corporations have gone up in the list of 500 leading industrial firms in the United States during the 1980's in spite of the economic crisis and the delayed recovery. The programs to build Pershing-2 and cruise missiles of different basing, the modernization of bomber aircraft and the fleet of atomic submarines, and the development of a new generation of tanks, artillery, and helicopters, and so forth have been turned into a veritable "rain of gold" for them.

However, today the military concerns are linking their biggest expectations with the program for militarization of outer space—SDI. As authoritative Western sources point out, SDI will be able to provide the leading contractors with 3 to 5 dollars of clear profit for each dollar invested in the program. By signing a contract to develop one system or another for the space weapon, the corporations are making sure of their sale of a finished product for decades ahead without any increase in expenses for production.

It is worthy of note that the head of the present administration, reflecting the interests of the space-missile kings of the arms business, has reaffirmed his devotion to the program for development and placement of weapons in space.

The lion's share of the government appropriations for SDI have been acquired by the military-industrial corporations in California. For California concerns, military orders make up 85 percent of the turnover for Lockheed, 69 percent for McDonnell-Douglas, 66 percent for Hughes Aircraft, and 63 percent of the turnover for Rockwell International. The value of the contracts filled by military concerns in the state of California has

been increasing by an average 10 percent annually since 1981 and was in excess of 42 billion dollars by the beginning of 1988, thanks largely to the personal support of President R. Reagan.

Both the myth of "the Soviet military threat" and the thesis of the supposedly positive influence of militarization on the rate of economic growth and scientific and technical progress have served as grounds for an increase in military appropriations and the need to develop the military economy on a priority basis. However, the results of authoritative scientific studies conducted in recent years prove conclusively that the higher the level of military appropriations, the more problems that have to be overcome in the country's socioeconomic development. Structural disproportions and problems with funds and the balance of foreign trade are intensified with the growth of militarism. The level of use for production capacities and the labor force declines.

"Any serious attempt to carry out the military programs projected up to 1988 will entail further plunder of the American industrial system's means of production," the noted American economist S. Melman writes in his book "Profits Without Production." "Plants and equipment will continue to deteriorate, and industrial incompetence will become more and more widespread, resulting in rapid price increases, unemployment, and so forth. An important factor underlying this prediction is that the talents of researchers and developers, as well as laboratory resources, have been concentrated on parasitic—that is, on military-oriented—economic growth."

The negative socioeconomic consequences of the growth of military programs and appropriations have been vividly demonstrated in the United States over the years of R. Reagan's term of office, during which "Reaganomics" counted mainly on militarization in an attempt to overcome domestic problems. A sharp reduction in budget allocations for social development programs has been the most important consequence of the increased militarization of the economy. In the first half of the 1980's alone, they were cut by 110 billion dollars. But military expenditures increased by 144 billion dollars.

What does this mean for hundreds of thousands of Americans? This policy has resulted in the suffering of 490,000 low-income families. Women and children, who make up 77 percent of the poor in the United States, have suffered the most in the process. It is worthy of note that the U. S. national budget for the 1988 fiscal year also calls for a reduction of allocations for unemployment, health services, and housing construction.

#### A Chronic Illness

Under the conditions of structural reorientation of the economy, the measures by R. Reagan's administration have led in the final analysis to aggravation of the differences in social and economic status among individual groups of working people. What is the state of affairs

with wages, for example? Wages have increased basically for highly skilled workers employed in the military sector of the economy, whereas the situation has gotten worse for workers with little skill in the civilian sectors. The so-called "two-tier" wage is being extended. It provides for two wage rates at the same enterprise: one for experienced workers, and the other for those who have been newly hired (it is usually 20 to 40 percent lower). As a result of this system's introduction, average earnings have dropped, since employers have stepped up the rotation of experienced workers at the same time, moving them from one enterprise of the company to another. A similar practice is being utilized by the U.S. ruling circles as a means of splitting the workers movement within the country.

Militarization of the economy involves increased unemployment. The fact is that military production as a whole is less labor-intensive but both more capital- and more science-intensive than civilian production. According to the U. S. Bureau of Labor Statistics estimate, 1 billion dollars can provide for 54,000 jobs in medicine, 47,000 in the textile industry, and 30,000 in motor vehicle manufacturing, whereas this amount provides for only 21,000 jobs in missile manufacturing. As an example to corroborate the principle cited, we can point to the activity of the McDonnell-Douglas concern: over the past decade, as one of the largest Pentagon contractors, it has been able to increase its sales volume by half as much without any increase in employment for production.

Materials from studies conducted in the United States provide conclusive evidence that the increase in military allocations leads not only to less demand for manpower in the military sector of the economy, but in a number of civilian sectors as well. Thus, according to the Public Opinion Polling Institute (the state of Michigan), each billion dollars earmarked for the Pentagon results in an average loss of 11,600 jobs in the country. Military production requires modern equipment and expensive materials, and for this reason, far less capital remains to create new jobs than in other sectors with similar expenditures.

Estimates show that each billion dollars being spent to build the B-1B bomber creates 22,000 temporary jobs. But if this billion were directed to the needs of education, this sum would be enough for the salaries of 76,000 new teachers in the schools. This is especially urgent today: several tens of thousands of unemployed certificated teachers are in the job market in the United States, and there is a critical shortage of them in the schools.

R. Reagan's administration has not been able to reduce the number of unemployed, either. At the time that the President took office in January 1981, the Bureau of Labor Statistics noted that 8 million persons were unemployed. During the period of economic crisis, unemployment was in excess of 12 million, but it fell later. There were an average 9.1 million unemployed in the United States in the 1981-1986 period, whereas 5.9 million were unemployed in the 1970's.

Today the number of unemployed in the richest capitalist country is above the 1981 mark as before. And this in spite of the expansion of economic activity as a whole and appropriations of many billions to develop the military sector. But after all, the administration's official representatives have repeatedly maintained that each billion in military appropriations guarantees an additional 35,000 jobs.

Thus, no militarist injections into the economy are in a position to cure unemployment, this chronic social and economic illness of capitalist society. On the contrary, the conversion of military production, that is, shifting military enterprises to civilian production, could contribute to the creation of additional jobs.

#### Who Is the Winner?

The tax system is continuing its attack on the working people as well. The increasing flow of weapons (nuclear missiles as well as conventional weapons) is being financed from the national budget. But it is put together basically through taxes. Here is one more factor. In an attempt to revitalize the investment activity of American corporations and banks, R. Reagan's administration significantly lowered taxes on corporations and private property. This cost the treasury no less than 640 billion dollars. Hoping to make up for the losses, the government proceeded to raise taxes significantly on goods and services, as well as income taxes. This hit at the interests of ordinary Americans first of all, of course.

So who won from the tax system reform? The financial and monopolist oligarchy and the military-industrial corporations, primarily. After all, a substantial part of the tax receipts went to increase military production. At the same time, according to data from a progressive American organization, the "Coalition for a New Foreign and Military Policy," 70 percent of the country's people have lost completely from the arms race and the economic policy brought about by it. This is the situation that has developed: the rich are becoming richer and the poor are becoming even poorer.

Increased deficiency in the balance of payments, that is, the excess of state expenditures over income, has been a direct result of the growth in U. S. military programs. This means that the American government is not living within its means and is leaving future generations the legacy of a heavy debt burden. And the basis of this is the excessive increase in military allocations compared with expenditures for civilian needs.

The growth of U. S. military appropriations during the 1980's, with a rate comparable only to the period during the war in Vietnam, not only has ground up almost 2 trillion dollars with the Pentagon millstones, but has also been one of the main reasons for the increased federal budget deficit. Although in recent years the administration has set the objective of substantially reducing the



deficit with its policy of balancing the budget by the early 1990's, it has not managed to stop it from increasing so far. The budget deficit reached 220.7 billion dollars by the start of the 1987 fiscal year.

The chronic budget deficit in turn has led to a rapid increase in the national debt—from 1 trillion dollars in 1981 to 2.8 trillion dollars in the 1987 fiscal year.

According to the estimate of the Congressional Budget Office, the national debt will reach 3.1 trillion dollars by 1989. This is more than 50 percent higher than the gross national product of the United States! Whereas this figure was 28 percent in 1980. This is the price of the "deficit financing" with the aid of which R. Reagan's administration is mobilizing funds for the arms race to a significant extent. The national budget deficit is accompanied by a deficit in the balance of foreign trade, which has risen during the 1980's from 36.2 to 169.8 billion dollars.

### The Increasing Anxiety

But the main point of this problem is the U. S. ruling circles' lack of responsibility for financial and economic policy. By acting to please the VPK [military-industrial complex] and the American financial and monopolist oligarchy, the Washington administration essentially is not preventing the country from slipping toward economic disaster. The forecasts and assessments of leading American specialists warn that a catastrophe is possible.

What happened in the stock markets of the United States, the countries of Western Europe and Japan in October 1987 was real confirmation that the increasing anxiety about the country's financial and economic health is justified. "What took place in the market resembles most of all the meltdown of a nuclear reactor core," Phelan, head of the New York Stock Exchange, stated.

Indeed, the stocks of industrial and commercial organizations and banks fell by 300 points altogether in 1 week (19 to 23 October 1987). More than 2 billion securities changed hands. The value of the stocks of individual industrial corporations fell by 10-50 percent. Stock values have depreciated in value by 1 trillion dollars altogether since the summer of 1987. And although 85 percent of the shares are the property of banks, industrial corporations and insurance companies, 15 percent of them belong to individual stockholders, and the collapse hit at the interests of ordinary Americans most of all.

But why isn't there a complete financial collapse all the same? It must be taken into account that the United States possesses a number of advantages compared with other capitalist countries today. First of all, the national debt of the United States is expressed almost exclusively in dollars. And Washington has the ability to issue money to cover its own commitments. The special, dominating position of the dollar in the international foreign exchange system in the capitalist world prevents the United States from being

considered a bankrupt country. At the same time, the ruling circles are making extensive use of foreign borrowed capital to resolve their domestic problems, the financing of military programs in particular.

In addition, we cannot help but take into account that the United States today possesses the largest economic system and is notable for the high degree of exploitation of the working class. Thus, according to the estimate of American economist (V. Perlo), American workers produce surplus value amounting to 1.5 trillion dollars every year. The opportunities for wide-scale maneuvering with financial resources are greater here than anywhere else, and the financial and industrial bosses and state organs make extensive use of this.

One more factor. In developing its military-industrial potential, the United States receives support in the form of repayment of American loans and credits granted previously to a large number of countries in the world, as well as the interest on them. The United States, together with other developed capitalist states, wrings up to 300 billion dollars in profit every year out of the developing countries alone. To this we must add the extremely profitable exports of arms, again chiefly to developing countries. And they have to pay for the American weapons in American dollars out of the credits borrowed at high interest.

And finally, we have to keep in mind that hundreds of American transnational interestedness."

Thus, the instability and parasitism of the capitalist economic system is clearly apparent in the example of the leading imperialist power. By using demagogic statements about the supposedly beneficial effects of militarization on the solution of socioeconomic problems as a cover, the ruling financial and monopolist elite are acquiring colossal profits in it. And the basic burden of the arms race is being shifted by the bourgeoisie onto the backs of the working people—nointerestedness."

Thus, the instability and parasitism of the capitalist economic system is clearly apparent in the example of the leading imperialist power. By using demagogic statements about the supposedly beneficial effects of militarization on the solution of socioeconomic problems as a cover, the ruling financial and monopolist elite are acquiring colossal profits in it. And the basic burden of the arms race is being shifted by the bourgeoisie onto the backs of the working people—not only American workers, but those in the entire capitalist world and many developing countries which have chosen the Western model of development. For this reason, the world's progressive forces are becoming increasingly aware of the necessity of uniting in a common struggle against militarism and the arms race and against the system that engendered it—imperialism.

COPYRIGHT: "Kommunist Vooruzhennykh Sil", 1988.

8936

**Finnish-Soviet Seminar on Increasing Trade**  
*18250030a Leningrad LENINGRADSKAYA PRAVDA*  
*in Russian 28 Nov 87 p 3*

[Article by Ya. Strugach and V. Tarasenko, under "Contacts and Contracts" rubric: "When the Advantage is Mutual"]

[Text] The atmosphere in the Maritime Hall's conference room, where a joint Soviet-Finnish Seminar was under way, was extremely animated.

The topic of the regular business meeting being held on this occasion had been changed in a somewhat unexpected direction regarding the initiative of the Finnish Firm Rauma-Repola, which suggested that new possibilities for increasing purchases of Soviet auxiliary equipment be found. As a matter of fact, the firm's representatives had posed the following question to our managers: "Isn't it time we both looked at your production reserves, and shouldn't we look in your plans for a way to produce more output of higher quality?"

Why this interest on the part of our northern neighbor's business circles in increasing the Leningrad enterprises' production of output?

Finland's Rauma-Repola Firm has built over 850 ships for our country during the postwar years. A year ago, one of the authors of this article had occasion to attend the launching of the jubilee ship "Dalnerechensk". As usual, an orchestra played, everyone congratulated each other, but even on this holiday, the ship-building firm's specialists did not mask their anxieties and concerns: there were getting to be fewer orders in the Rauma-Repola portfolio.

"Unfortunately, fewer ships are being built in the world," noted Anti Potila, the firm's current general director. "And we rely very greatly on Soviet orders. We understand that in the interests of collaboration, we need to expand cooperation more actively. Apropos, Soviet auxiliary products now comprise up to 17 percent of those used on the ships now being built at Rauma-Repola's ship-building yards.

As Esa Seppyanen, a Rauma-Repola department chief emphasized at the seminar: "But the fact is what was suitable yesterday is unsatisfactory today. This is why we invited representatives of Leningrad's industrial associations, ship-building enterprises and planning organizations to this meeting. We are acquainting them with our program, and we ourselves hope to find out more about the opportunities open to Soviet enterprises, which should increase as a result of the restructuring now under way in your country. I am confident that the next five years will be a time of cooperation. And the idea of increasing the share of Soviet-made auxiliary products to 30 percent is completely practicable."

Seppyanen switches on a projector, and a list of ships proposed by the Rauma-Repola joint-stock company for delivery to the USSR appears on the screen: an Arctic-navigation tanker, a geological and geophysical expedition ship, two refrigerator ships, a harbor tug, a pipe-laying ship.... And the discussion proper begins. Earlier, Soviet specialists had familiarized themselves with the technical documentation, which is what makes their suggestions so highly objective.

The Proletarskiy Zavod Association is delivering steering engines and interior bilge pumps to Finnish ship-building yards.

"And now let us take up the question of jointly manufacturing winches," proposes I. A. Pashkevich, the association's general director.

His proposal is entered into the working group's minutes, which will be painstakingly studied later.

More and more Soviet enterprises are being granted the right to independent involvement in the international market. It is thus no accident that their activities are exhibiting increasing initiative, flexibility and exploration. For example, the Bryansk mash foreign-trade firm sent one of its representatives to Leningrad.

"Up to now, we've talked about shipping assemblies and mechanisms from the USSR," says V. V. Chernov, "but there are also prospects for developing bilateral relations. For example, why couldn't we expand them by exporting deck superstructures and other metal structures from our country?"

These days, the search for new ways to develop trade ties between both countries is an objective necessity. As has already been mentioned, thirty-six contracts have already been drawn up concerning production-related cooperation between the Soviet Union and Finland. The Finns plan to ship 11 billion markkas of jointly manufactured output to us prior to 1990. They plan to spend over 3 billion markkas here in purchasing finished assemblies, machine tools, machinery and instruments.

Thus, a broad field of activity is opening up for Soviet enterprises. At the same time, hit and run tactics do not succeed in such a complex and multiplan affair as international trade. One needs to have excellent knowledge of market conditions, must set up regular communications with one's partners for up-to-date information and of course needs to raise the technical level and quality of the produced output.

The Leningrad seminar organized by the Rauma-Repola Firm of Finland was the first stage on this difficult path, and most of the work still lies ahead.



### **Ukrainians Fail To Conclude Construction Deal with Austrian Firm**

18250032 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 6 Dec 87 p 2

[Article by V. Baziv: "We Played it Safe—Why an Advantageous Contract Has Not Been Closed"]

[Text] At the negotiations table in the Uzhgorod Gorispolkom building, a businesslike atmosphere reigned, as they say. There was something to offer to Rudolf Maintz, owner of the Austrian Hercules firm, and something for the managers to think about, so that the transaction being outlined would be advantageous to both sides.

The story began like this. A representative of the Hercules firm, building housing in Hungary, expressed, at the Soviet embassy, his desire to go into the Soviet market. He told them that the firm had been informed of the Soviet housing program, as well as of the reforms in USSR foreign economic policy. In other words, the firm was offering its services.

The first to inform us of the Hercules initiative were the administrators of Transcarpathian Oblast in the UkSSR, adjacent to Hungary. They took this seriously. E. Popovich, chairman of the Uzhgorod Gorispolkom, H. Pop, chief of the Foreign Relations Department of the Transcarpathian party obkom and a number of directors of the oblast's institutions went to Budapest for negotiations.

It had to be clarified—what could Hercules do? A great deal, it seemed. The firm is well known. It turns over objects not just "with the key", but "with the tree", that is, with roads, civic improvements of the territory, landscaping....

The firm showed things to good effect and was interested in the "cards" of the other party. Fortunately, they were not disturbed even by the fact that the Transcarpathians had no currency at their disposal. The owner of Hercules consulted efficiently with specialists and offered a list of compensatory commodities. There were many things on it—from sables to sawdust. They settled on two items: wood byproducts and wine-water products. The oblast has an adequate quantity of both of them. A preliminary agreement was signed on construction by the Hercules firm of 2000 apartments in Uzhgorod.

In order to more precisely determine the economic expediency of the foreign economic initiative shown by the Transcarpathians, we will attempt to look at their initial position a bit more closely. In the first place, in the largest industrial sector of Transcarpathia—timber and woodworking—there is no use for over half of the sawdust and other wastes. They decay, fill up the land with rubbish and pollute the air when they are finally burned. The foreign firm is able to put this "debris" to

work and, most important, to share with us the waste-free technology for processing it. With vodka and other beverages, the problem, one must suppose, is clear to everyone. But this is not all.

Part of the outlay to pay for the housing construction was to be covered, not by additional state allocations, but by the future tenants. The apartment houses would go exclusively to "relieve" the cooperative section. The impressive sum of the spare accumulations in the city's savings banks removes any apprehensions concerning the practicability of this path. Incidentally, it was calculated that the cost of one square meter of housing constructed by the foreign firm would correspond approximately to our usual prices.

The Transcarpathians reported the success of their negotiations to the republic Council of Ministers, emphasizing the fact that Hercules had agreed to use "local and other of our building materials and labor resources in the work....". A letter signed by M. Malevanik, chairman of the Transcarpathian Oblast Soviet of People's Deputies Oblispolkom, ended this way: "We request that a commission be given to Gosplan, Gossnab and the Ministry of Construction of the republic to examine the questions of constructing apartment houses, using the resources of the abovementioned foreign firm, beginning in 1988, and of acquiring equipment and constructing a shop to manufacture reinforced concrete structures."

This was written on 6 June of this year, and by 8 June the appropriate agencies had received the instructions: "To discuss and report proposals on resolving this question."

Such a favorable reaction from the republic government encouraged the Transcarpathians, and they invited the director of the firm to look at the future construction sites at the location.

Gradually, however, joyful animation began to be replaced by anxious waiting. The Uzhgorod citizens, with tense attention, followed the tremendous procedure of agreements, discussions and settlements that the higher departments of the republic, with knowledge of the business and with a kind of special style, were conducting. The anxieties were, unfortunately, justified. The response arriving from the republic Council of Ministers completely canceled out the initiative of the luckless businessmen. It was pointed out to them, in polite form, that it would be better to lean on their own reserves. The message ended quite categorically: "We feel that negotiations should not be carried out with the Austrian firm on this matter. The oblast cannot work out the supplies exorbitantly asked for as the settlement for goods and materials, and to acquire them through cooperative funds, as Comrade M.M. Malevanik suggests, is unrealistic."

So much for the arguments. No matter how hard the Transcarpathians fought, proving that the services of the foreign firm would not replace, but would supplement

their own reserves, their voice could not be heard in Kiev. The indisputable argument that the increase in construction capacities in the oblast, estimated for the future, would still not make it possible to solve the housing problem in the city did not even help, it would seem. Having the participation of Hercules, capable of fulfilling at the site the square meters of housing woven out of planning air, would have proved useful here.

The problem, however, is not reserved only to housing. In that same Transcarpathian Oblast, construction of a large tourist complex is planned. Some 25 million foreign currency rubles have been allotted for it. The firm proposed constructing this complex as well—without a single kopeck of expenditures from our side. Under the compensation procedure, the Austrians want to use half

of the spaces in the complex in the course of five years of operation. An interesting proposal? Absolutely. It seems, however, that there is no one with whom to discuss it.

Some people evidently think that it is better to burn all the sawdust and drink all the wine-water products themselves than to enter into business contacts with Western firms. The psychology of the "playing safe" policy adherent is concealed behind this attitude. One who knows these capitalists, and that they have a lot of sense, thinks for himself. And then, for how many years have millions been idly squandered, often with no one particularly answering for it. Who is going to deal out punishment just for a missed chance? There was no one like that. It is better, therefore, to hold on and not let go....

12151

### Example of Polish Local Democracy in Action Described

18070042a Moscow IZVESTIYA in Russian 29 Nov 87  
p 5

[Article by IZVESTIYA special correspondents L. Toporkov and V. Shchepotkin under the rubric "Poland-87": "They Designated a Provincial Governor... How the Democratic Principles of the Sovereignty of the People are Being Affirmed"]

[Text] The greatest constant in modern-day Poland is change. The renewal is progressing on all fronts. In economics and in social life. In the administrative structure and in the political sphere. And democracy is the tool that is continuing to topple the pillars of ossified dogma and notions.

A notice appeared recently in the government newspaper RECH POSPOLITA under the rubric "Chronicle of Personnel Changes." Since it was short, we will cite it in its entirety. "The Chairman of the Council of Ministers of Poland offered candidates F. Budzinovski and Z. Jazovski to the provincial people's council in Ciechanow for the vacant post of governor. Taking into account the opinion of the Council as expressed by secret ballot, the premier has designated Francesek Budzinovski as the governor of Ciechanow."

At first glance there is nothing special about this dry and short report. The chairman of the Council of Ministers of a main local administration designated one of those people picked for him, so what? The fact that a phenomenon that was considered exceptional yesterday is becoming the norm today. The premier designated his representative in the province only after coordination with the council. And that is how it went.

Governor Jezi Vezchovski, a famous, honored and extremely respected person here, had retired. The head of the government proposed a person, as they say, from outside for his position, well known in the capital but very little known in Ciechanow.

As is done in such situations, the appropriate work was done with the local leaders. They supported the candidacy. The commission for interaction with PZPR, the Polish United Workers' Party, also expressed no objections whatsoever. The deputies to the provincial people's council representing the village, however, had their doubts about the correctness of the "unanimity." The candidate had no agricultural education, he had not been engaged in agricultural problems, and the Ciechanow Province specializes chiefly in agriculture. Would he understand the concerns and needs of the villagers, would he be the defender of their interests?

In the past the advancement of a governor, of which there are 49 in the country, was simple. The chairman of the Council of Ministers picked a candidate that suited

him and, inasmuch as it was considered to be exclusively his field of competence, a directive was promulgated. The designation procedure ended there.

Today, when a process of democratization of all of state and social life is underway, when management styles are changing, you cannot get by without the consent of the people's council. In some places, as we see, they have tried it. Certain people have developed an attachment to command and others the habit of practically saluting. They say, we are little people, the authorities are more prominent. In point of fact, it turns out that they were not always "more prominent." The premier relies on his apparatus, and there are quite different colleagues among them. What guarantee is there that they do not err, that they are not given to subjective evaluations?

The old had not progressed beyond the "coordination principle" in Ciechanow. Secret balloting was ended, and they started using bulletins. They made use of the pause, and the deputies bade farewell to their old governor. There were warm speeches and valuable gifts. An auditing commission disrupted the ceremonial climate. They declared that the opinion of the overwhelming majority of the deputies toward the candidate for governor was negative. The hall fell silent, and then applause was heard. The head of the affairs administration of the Council of Ministers was clearly confused. Gathering himself, however, he said with momentary embarrassment that "The premier cannot ignore the results of the voting and has refrained from designating citizen so-and-so as governor."

What transpired was interpreted in different ways. There were those that were dissatisfied: they have started up democracy, they said, with a blow from the fist, with no other opinions. But the methods of the "fist" have already shown themselves. The main body of the people thus actively supported the victory of democratic principles and the growing political firmness of the popular electors, who were already failing to satisfy the role of obedient executors of someone else's will.

All must learn to live and work under the conditions of developing democracy in Poland today. The lesson that was sent from below in this case thus did not pass without a trace in the upper reaches either. A new vote was recently held. Two candidates were offered to the deputies right away this time, and moreover both people were local: Vice-Governor F. Budzinovski and PZPR Provincial Committee Secretary Z. Jazovski.

The chose F. Budzinovski, 48 years old, PZPR member who had worked quite a while in Ciechanow. Including as vice-governor since 1982—from a time that is hardly in need of special commentary. The socio-political and economic crisis in the country was at its zenith then. The tempering and experience of those days is thus worth much.

Today is also good schooling, by the way. It teaches, for example, that one must listen not only to one's own voice, but to the words uttered others as well, in order to take into account the opinions of various segments of the population and various social groups and, finally, in order to triumph through conviction, and not to convince through coercion.

The Ciechanow incident is typical of the current climate of the course of socialist renewal that has been taken by the Polish United Workers Party. What is transpiring in Poland can be compared with extensive capital repairs, when not only are the distorted features being swept from the barriers, but so are the barriers themselves that have for many years divided the concepts of socialism and democracy.

And practically everyone we spoke with cited the democratization of social thought as the most important condition for this. The term "socialist pluralism" can be heard today in plant shops and at sessions of the Diet, at the PZPR Central Committee and in the editorial offices of newspapers.

"How do we understand socialist pluralism?" asked PZPR Central Committee key worker T. Zapetski in a conversation with us, and then immediately answered herself: "It is different ideas but one cause."

The director of the Institute of Sociology of Jagellonski University, Professor P. Sztompka, spoke in more detail on this.

"Unity within diversity—that is the essence of socialist pluralism. In social life, let's say, this is the recognition of the existence of various social groups, forces and segments with their own interests, sometimes exceedingly different. In the sphere of economics, it is the diversity of forms and methods in activity. Even Pascal noted that diversity that does not lead to unity is anarchy, while unity that is not diversity becomes tyranny. Genuine socialism creates all conditions for the freedom of the individual, ensuring the possibility for development for him. Experience testifies to the fact that uniformity and strict centralism have never been fruitful."

And this is in no way just the realm of theoretical reflection. Let's have a look, for example, at the activity of the Consultative Council of the Chairman of the State Council of Poland. It was not created to decorate the state facade, the more so to ensure a "quiet life"—and it has not proven to do so. When the Consultative Commission was formed a year ago, someone said roughly the same thing, and with the creation of the Patriotic Movement of National Renaissance (PDNB), which also exists to put difficult issues before society and the authorities and to express differing opinions and, also extremely useful, doubts. Won't this be a legalized opposition, they say? And so what, the movement has become an opposition. But to what? To bureaucratic perversions, all sorts

of omissions and unfinished business and, this means, to their creators and agents and to the inability of the outmoded mechanism of economic operation to resolve urgent tasks.

We will return again to the activity of the PDNB, but now, the work of the Consultative Council. Created at the initiative of the Chairman of the State Council of Poland and PZPR Central Committee First Secretary V. Jaruzelski, it assembled people that it would be difficult to imagine together even "under the roof" of the PDNB. We have in front of us a list of the 56 members of the council. Its makeup is striking. And instructive. Here are communists and Catholic leaders, activists from the former Solidarity (it is enough to cite attorney V. Silu-Novicki, who was its counselor) and professors, workers and peasants.

The formation of the council was dictated by life itself. While society remains quite far from the "moral and political unity" that was trumpeted by propaganda divorced from reality, representatives of all segments of it are needed that have passed through the difficult tests of the crisis time, together discussing what is most material for Poland and its state interests, that which would unite the people and not divide them. They must know the whole truth about what society lives for and what arouses them, and they must advance solutions proceeding from complete, and not truncated, knowledge.

Five sessions of the council have already been held. Such as are not conducive to sleep and are devoid of niceties and formalism. The last one was devoted to the main topic of the day—reform in the economy and the state.

The candid and, most importantly, open exchange of the most diverse of opinions, many people told us, is much more useful to society than forced whispering in corners. And it really is difficult not to agree with this. Take the Catholic church, for example. It is very influential in Poland. It goes without saying that representatives of the upper reaches take part in the work of all state organs and public organizations. Moreover, three organizations of a religious bent have become, along with the three parties, constituents of the most powerful and influential social force—the Patriotic Movement of National Renaissance.

The influence of the PDNB on the course of democratic transformations must be mentioned in particular. Having assembled a whole spectrum of opinions, evaluations and views under one "roof," the PDNB has become a distinctive mirror of public sentiment. All of the most important nationwide measures that are being projected and conducted by the parties or the government of the country are thus coordinated with the PDNB, or else are even "suggested" by it. Recently, for example, the Polish Diet adopted a law that starting 1 Jan 88 a new state institution of Commissioner of Citizens' Rights would begin operating in the country. The decision to create it



was made at the 10th PZPR Congress. The proposal to found the institution, however, was advanced namely by the PDNB at its first congress in May of 1983.

Like all such steps aimed at reinforcing legality and expanding democracy, the draft law on the commissioner was discussed in a climate of the widest possible glasnost. This was also reflected in the breadth of the proposals. Beginning with the number of commissioners (PZPR proposed 49—one for each province) and ending with the inexpediency of this institution, saying that there were plenty of different organizations on the watch for legality and the rights of citizens in the country without it.

The nationwide discussion also determined the course of debates in the Diet, by the way also widely covered by press and television. The law recently adopted says that the institution of the commissioner is being created only at the central level (that is, one person for the whole country), that he is elected according to proposals to the Presidium of the Diet with a regard for the opinion of the All-Poland PDNB Council and that he is independent from other state organs in his activity and answers only to the Diet. It was also stipulated that this position cannot be combined with any other work or state function besides being a deputy. The term of activity of the citizens' rights commissioner is 4 years. It was made a special provision that one and the same person cannot occupy this post for more than two terms.

The nationwide debate so important for reinforcing democratic principles was a distinctive prologue for the other nationwide actions at whose threshold Poland stands today. In December of last year, the 3rd Plenum of the PZPR Central Committee projected the concept of a second stage of the reforms in the economic and socio-political life of the country that began in that difficult 1982. A program for the second stage was born in a climate of glasnost with the participation of a broad range of society.

And now a nationwide Polish referendum has been scheduled for November 29 of this year. A total of two questions are being advanced in it. They are both about the main thing: how will we live in the future? With differing opinions, with differing views, but under one roof. And on one foundation, the foundation of socialism.

12821

### **Hungarians Experience 'Temporary Unemployment'**

*Moscow IZVESTIYA in Russian 5 Dec 87 p 5*

[Article by B. Rodionov, IZVESTIYA correspondent: "The Lessons of Ozd: Do Unprofitable Enterprises Present a Threat to Full Employment in the Hungarian People's Republic?"]

[Text] The "Ozd syndrome," "cooling furnaces," "slow death agony"—Hungarian newspapers bristled with these scathing formulations at the beginning of the

summer. The topic was the fact that curtailment of the most unprofitable production facilities at ferrous metallurgy enterprises, with depression in other sectors, has far-reaching social consequences and the threat of unemployment. Particular tension, the newspapers wrote with alarm, had arisen in the city of Ozd, where, at the metallurgical plant, founded as far back as last century, one-third of the able-bodied population is employed.

In the last five-year plan, when the country had to be saved at any price from insolvency on the world currency market, the Ozd metallurgists speeded up export and earned 360 million dollars for the country. Nowadays, however, the open-hearth furnaces and rolling mills have grown even older, and worked out their service life long ago. The time has come when just shutting down old production facilities could relieve a plant or a sector of snowballing losses.

Employment has had to be found, in an extremely short time, for 3000 persons among whom there are many unskilled workers. As usual in such cases, panicky rumors went around that the plant would close altogether because of unprofitability. The population began to flow out of the city. The late general director of the enterprise blamed the journalists for everything, alleging that they had given the suggestible reader a false picture of the irreparability of the situation, of the helplessness of the administrator in Ozd.

What is the true state of affairs today? Dezhe Varga, chairman of the gorsovet [city council], and Yanos Tot, his deputy, readily volunteered to inform the *Izvestiya* correspondent.

"The situation in the city is normalizing," my interlocutors said, "and the frank, critical reports from the press have played quite a large part in this, even though at times it has laid it on thick. A painful problem has been solved, although late—what will become of the veterans who have been working at the open-hearth furnaces and rolling mills for thirty years. Over 500 honored metallurgists, who had just a little time to go to a pension, upon decision of the government, received the possibility of retiring ahead of time. At the plant, the management changed. Recently Erne Lotz, appointed general director and also representing Ozd at the State meeting, has been working in close contact with the gorsovet and the community. The municipal authorities and ordinary citizens in the know at the plant, are participating in the solution to the best of their abilities.

First of all, the enterprise gave up on irreparable absentees. Discipline was raised, and this immediately made it possible to do away with the wasteful help of the "bosses." A characteristic detail: there were four-fold fewer people drunk during a shift than a year ago. Also having an effect, apparently, was the fear of losing their job, and



the fact that, upon decision of the gorsovet, the sale of alcohol in the industrial area has now been prohibited, not only early in the morning, but also before the start of the second shift.

As far as production is concerned, along with the expensive renovation of the metallurgical production facilities, emphasis has been laid on development, in the building wings freed, of their own machine building. About 700 persons are acquiring new vocations in plant courses.

The gorsovet is granting privileges to enterprises and cooperatives who would like to set up or expand their branches in Ozd. Problems going beyond the framework of the city's possibilities are examined by a coordinating committee, created on the initiative of the VSRP [Hungarian Socialist Workers' Party] gorkom, with the participation of interested central departments, oblast organizations and trade unions. In the very near future Ozd should become a notable center of instrument building and light industry....

But this is tomorrow. How is employment found today for the metallurgists who have been left jobless?

For answer, the "city fathers" directed me to the employment bureau, where the freshest data is being stored in the memory of a recently installed computer. Of course, it is not very pleasant to see the display showing, for example, strings like these: "Sabo Zoltan, fitter. Unemployed since March 1987. Seeks a work place in his specialty...."

"This client did not agree to taking courses to master one of the 17 occupations for which there is a demand," comments Shandor Kallai, head of the bureau. "For six months he received assistance amounting to 100 percent of his average wage. Now he is receiving 75 percent, and beginning with the new year, 65 percent will be left. We sometimes have requisitions for fitters and, I think, a place will be found for Zoltan anyway. Well though, if not, he will have to go to the retraining course: the assistance is paid for only 11 months."

There is one more variant, designed primarily for those who have no skills. On 1 June so-called "socially useful work" was begun. It is financed from a special government fund and organized by the municipal authorities: repairing roads and sidewalks, laying communications lines, planting trees and clearing up the territory. Here, for a very modest, but guaranteed wage, we send mainly the illiterate people, capable, alas, only of subsidiary labor. The subsidiary workers who even recently, at the time of the lavish state subsidies, felt like "kings," are now being cut first. Among them—and this is a particular problem—are many gypsies, who make up 17 percent of the city's population.

"Socially useful work" is the lifebelt for the absentees and drunks discharged without right to assistance. After all, they must have something to live on, maintain a family and obtain the possibility, through diligent labor, of rehabilitating themselves in the eyes of society. Introducing this form of social aid has already obviously delayed the increase in crime in the city."

I asked for the consolidated data on job placement in Ozd. Here they are: registered at the city bureau are 115 requests for work force (as a rule, skilled) and 229 persons who have no work at the moment. The number of unemployed is considerably less than it was a few months ago. All the young men and women who finished school in the summer, with the exception of 43 persons, have been placed in jobs.

The cuts at the metallurgical plant will continue in 1988-1989 as well. There is hope, though, that 2000 new work places will be created in the city during this time. The Hungarian credit bank is granting a commercial loan for this purpose. Part of the capital is being allotted from the government fund to ensure employment. "Our Ozd, worker-city, to whom national authority has given municipal rights and the promise of development, will not become, by its fortieth year, a center of idle, mass unemployment," says the gorsovet chairman confidently.

"The Ozd syndrome".... How is it echoed in other places? It is expected that, as the conditions of economic activities grow more severe, about 700 economic units in the country, including several large enterprises, will go bankrupt. This was mentioned recently at the "round table" in the editorial office of *Nepszabadszag*. At the same time, it was noted there that "it is hard to find specific forms for the responsibility for full employment, accepted by the government."

Hungarian trade unions are taking under consideration the real possibility of temporary unemployment in individual regions and individual vocational groups, and they are therefore hastening to work out a unified, integral idea to ensure full and efficient employment, it was announced by Tibor Baranyai, general secretary of the All-Hungarian Council of Trade Unions at an international press conference in Budapest. He spoke of the lessons of Ozd in this way: it is much more effective for the government, the Soviets and the trade unions to work out coordinated fire-prevention measures in advance than to put out the fire when it has already flared up.

12151

#### **Correspondent Stresses Bucharest's Positives, Downplays Problems**

18120048 Moscow NEW TIMES in English  
No 52, Dec 87 p 13

[Article by Sergei Svirin: "Bucharest Impressions"]

[Text] On the eve of the 70th anniversary of the October Socialist Revolution I happened to be in various parts of Bucharest: the anniversary was observed on a wide scale.

A function held in one of the Bucharest districts was attended by Communist Party veterans many of whom took part in the events of December 30, 1947, when Romania was proclaimed a people's republic. Grey-haired veterans, decorated with national and Soviet orders, spoke about the historic significance of the October revolution and about the struggle of the two peoples against fascism. They also noted that the Soviet Union, loyal to the Leninist principles of internationalism, helped the newly born republic to restore its economy and strengthen its positions in the world arena.

A month later the Romanians observed another important event—the 40th anniversary of the republic. It takes only ten minutes to walk from a city park, where a museum of old Romanian wooden architecture and peasant household utensils is situated, to the immense pavilion of the Socialist Republic of Romania erected for an international fair. And yet a whole epoch lies between them.

In the park, ancient village structures and utensils are displayed in an area of several hectares, while in the modern pavilion visitors can see the achievements of socialist Romania.

Industry, a leading branch of the economy, accounts for 60 per cent of the national income. Heavy-duty engines, computers, oil derricks and motor cars are some of the many products manufactured in Romania today. Between 1947 and 1987 industrial output has risen 115 times, while agricultural output has increased fivefold. The chemical and petrochemical industry has practically been built anew. The output of light industry has grown 210-fold since 1944. Transport has been expanding at a rapid pace.

The Communist Party has set the objective of building a comprehensively developed socialist society. Measures are being carried out to improve socialist production relations and to firmly establish the principles and standards of socialist ethics and justice; conditions are being created to promote the participation of working people in economic management. The financial and economic mechanism is being readjusted, and a new wage system has been introduced with the aim of heightening both collective and individual responsibility for the final results.

At the national exhibition of economic achievements I noticed photographs taken in different years. One shows a wasteland overgrown with weeds, and beside it hangs a photograph of an iron-and-steel works which was built on this site 20 years later. Another photograph shows a tumble-down hut. Before the revolution Romanian peasants were unable to combat recurrent droughts and to overcome poverty. There was not enough water to irrigate the fields, and people eked out a wretched existence from harvest to harvest.

Today up to seven tons of wheat is gathered on each of the three million-odd hectares of irrigated land. You will no longer see dilapidated huts in the villages. Romania is among the first countries in the world to have solved the housing problem.

There have been difficulties and miscalculations in the course of development, and new problems too have arisen. For instance, a number of drawbacks have appeared in agriculture along with the successes achieved in the past few years. Consumer demands for food have not yet been fully satisfied. The quality of some consumer and manufactured goods, including export products, leaves room for improvement. There is a shortage of electric power in the country.

An austerity policy regarding the use of energy resources was introduced in Romania a few years ago.

Scientists and engineers are working to introduce energy-saving technologies which even now are helping to increase output per unit of conventional fuel. Measures are being taken to improve the situation in coal mining and to make use of abandoned oil wells. New hydroelectric power stations with an enhanced capacity are about to come into service, and the country's first atomic power plant is under construction.

Special attention is given to the recycling of raw energy materials and equipment. The search for reserves in this field is an ongoing process. The newspaper SCINTEIA wrote recently that the iron-and-steel plants of Romania recycle about 62 per cent of the total volume of energy resources, whereas in many other countries the figure exceeds 70 per cent.

The national conference of the Communist Party held recently in Bucharest has become a major event in the life of Romania. It discussed urgent problems connected with the building of socialism, as well as the stage reached in fulfilling plans for social and economic development.

In his report to the conference General Secretary Nicolae Ceausescu also touched on foreign policy ties, stressing the importance of Romania's participation in the work of the Council for Mutual Economic Assistance.

The news of a historic event—the signing of the INF treaty between the Soviet Union and the United States—was received enthusiastically in the republic. On behalf of the Romanian people, the delegates to the party conference hailed this event as a victory for reason and realism.

In Bucharest I talked with people of various ages and occupations. All of them expressed firm confidence that the aim of improving socialist society, set by the party

conference before the nation, will be achieved, and that, acting jointly, all countries and peaceful forces will be able to bring about real progress in removing the nuclear threat.

/06091

**Bulgarian-Soviet Association Facing Difficulties**  
*Moscow PRAVDA in Russian 8 Dec 87 p 4*

[Article by L. Zhmyrev, PRAVDA correspondent: "With His Own Hands"]

[Text] Kosta—that is the shortened name of Kostadin Dzhattev. That is what they call him, informally, as a friend, in the shop.

What do I know about him? He has worked 36 years at the plant, all in the same position—worker. All Bulgaria knows him. He is a member of the Central Committee of the Bulgarian Communist Party, a member of the State Council of the People's Republic of Bulgaria and twice Hero of Socialist Labor of the republic.

Before I met him, a doubt crept into my mind in spite of myself: perhaps others were working on his behalf, and he was mainly a representative? And then, the meeting at the base member shop. It turned out that today was Dzhattev's first day back from vacation. He was longing for his friends, for the shop....

Kosta was clad in blue overalls with traces of rust-colored machine-oil spots. His machine tool was as big as a house, a Czechoslovak-produced TOZ brand. Here he was, on the hoisting rail crane, dragging toward him two three-ton castings—these are future parts of the beds for machining centers. Kosta adjusted the cutters, and they started, layer after layer, to strip off the cuttings according to the given program.

I observed in passing that the floor around the machine tool had been cleaned. Nowhere were there either puddles of oil or cuttings crunching underfoot. From time to time Kosta took first one, and then another measuring instrument and followed the readings on the gages and meters with a keen eye. Although the parts are huge in size, they require micronic precision in machining.

His hands were busy, eyes alert, but it did not interfere with his talking. Kosta said that he was born in the Pirin region. This mountain is in the south of Bulgaria, second highest after Rila. He does not have high birth to boast about—he is the son of a shoemaker. As a boy he helped his father, and then set off to earn his living building roads. Since the age of 18 he has been here, at the ZMM.

This is expanded as "machine metal-cutting plant." At one time there were machine workshops here alongside the workers' sloboda [settlement exempted from normal State obligations]. After 9 September 1944 the lathes, drills, grinders and other machine tools were taken from almost the entire country.

Soviet specialists arrived. He, Dzhattev, along with other workers, from diagrams, turned the parts from which they subsequently assembled the first Bulgarian machine tool.

What did they name it? "The Planet!" The name proved to be symbolic. The ZMM now ships machine tools, automated transfer lines, units with digital program control, machining centers and other equipment to over 50 countries, including technically developed ones.

Now and then shop comrades and brigade members, and there are really quite a few of them—44 persons—would come up to Kosta. The brigade is designated as comprehensive, expanded. In 1986, the brigade "boss", for the first time, was not appointed, but elected by the workers themselves. Brigade leader A. Tsambov, to whom Dzhattev introduced me, recalled that the test was not particularly easy. That voting was secret and he had to amass two-thirds of the votes. By no means everyone at the plant passed safely over this hurdle. The brigade soviet was chosen in the same way as the brigade leader, and the best ones entered it—L. Baykushev, G. Milushev, A. Tsvetoslavov and B. Ivanov. So the party bureau did not make a mistake in its recommendations.

The brigade leader was called to another shop, and Kosta and I again chatted to the rhythmic noise of the cuttings being stripped off. Kosta adjusted the movement of the carriage slightly, wiped off the pin with oakum and recalled his trips to the Soviet Union:

"I have many friends there, especially in Malaya Kaluzhskaya, at the 'Krasnyy Proletariy.' I was on friendly terms with O. Korolev, the former director. He has gone up in the world now," Dzhattev continued his account. "Oleg Alekseyevich kept calling me 'Kosta—rabochaya kostochka' [little working bone]—as a joke. Most likely, because I was meticulous and because I always wanted to put my hands to something. Well, and I called him, in answer, 'Krasnyy Korol' [the red king]. For some reason, some of his words are particularly imprinted in my memory, words said as if thinking to himself: 'Look, Kosta, how life changes. Once you were going along as one of our apprentices. Then we became partners, with equal rights. And soon, perhaps, it will be for you to overtake us, and we will in some way prove to be your apprentices. Well, what do you say?'"

"This comment of his is connected with the fact," continued the machine tool worker, "that the results of collaboration with the NRB at the 'Krasnyy Proletariy' are quite appreciable. Two-thirds of the machines with



digital program control that they produce are equipped with Bulgarian electric drives. Some 2000 robots, which are assembled at Malaya Kaluzhskaya, have Bulgarian 'stuffing.'"

Kosta recalled the exciting moments of the meeting at the plant when the Soviet delegation came here. On behalf of the workers, he made a speech, standing at the rostrum from which M.C. Gorbachev spoke to the collective. Remaining in their memory were the words of the Soviet leader—that now, under the conditions of accelerating social-economic development, more efficient and bolder methods of collaboration were necessary. Like any new cause, international joint associations, of course, need the support of party authorities, ministries and departments, but those who directly produce the output—the workers and specialists—still have the main say.

As a keepsake from the visit to the plant, they presented the Soviet visitor with a model of the Bulgarian all-purpose lathe. As compared with the very simple post-war "Planets," it looked, of course, like a model of technical concepts. But time passes, and what was new yesterday becomes obsolete today.

The first IS-500 machining center in Bulgaria was created from the Ivanovo designs. It is decoded in this way: IS are the first letters of the name of the new Ivanovo-Sofia Association. The number 500 indicates the maximum possible sizes of the machined parts, that is, up to 500 millimeters. At the international trade fair in Plovdiva, the IS-500 was displayed as the main exhibit and attracted general attention.

Dzhatev spoke of this with a tinge of pride, because he, Kosta, had turned the base members for the giant on his own TOZ. Then he recalled how, more than once, V. Kabaidze, appointed general director of their international association, had come to the plant and gone through the shops. The words that he let fall, which were echoed by the plant newspaper, *Mashinostroitel*, have stayed in his memory: "I am already over sixty," said Vladimir Pavlovich, "and creating a joint association is probably my swan song. That is why I so wish to bring this work to completion and break through the barriers and obstacles, in order to see with my own eyes the fruits of integration and prove the advantages of this form of collaboration."

Oh, how many of these barriers there proved to be. It is a new business, not experienced before, almost every problem comes up against a prohibiting order, and who will rescind it? Even a package from one specialist to another, and indeed simply normal telephone communication between Ivanovo and Sofia grew into a problem at first. Now things have come together. A psychological

restructuring of the people is in progress. A joint coordination bureau has been created, and a retraining course has been set up for the managers and specialists. A specific plan has been worked out to increase production under the conditions of a joint enterprise. Variants of interaction between plant party organizations are being examined and, perhaps, in the future, formation of an association party committee as well. In a word, restructuring has to be carried out while in operation, and it is essentially each one's affair. There is no time to get into the swing of it.

"In the West there are those who readily present the matter in this way: the creation of joint firms in the CEMA member countries is, they say, purely one of market considerations, a propagandist measure. In reality, however, the task set is to explore to the depths all the possibilities for socialist integration and best utilize the mutual potential. The first results are encouraging. Our association has been functioning for two years, and dozens of machining centers and hundreds of integrated machines have already been developed jointly. All the same," Kosta continued thoughtfully, "at our party meetings and joint production meetings we note that we are faced with much that is still unclear and not even completely thought out or decided in principle. There is no unified documentation or system of information exchange, and no mutual accounts or price formation have been fixed.

"We are called a joint association, but, just as before, each of us acts for ourselves, according to our own plans and legal norms and in accordance with the economic mechanism actually operating. Many problems of interaction in the sphere of international law, economic incentives and sanctions, transport and material-technical supply are still to be discussed and solved."

You listen to Dzhatev and think, in spite of yourself: how today's Bulgarian worker has changed and grown. Before the eyes of a single generation a gigantic path of development has been opened. At one time he was primarily a self-taught-handicraftsman, a jack-of-all-trades—blacksmith, tailor, cooper or, like Kosta's father, a shoemaker. Then Bulgaria's own metallurgists, chemists and machine builders appeared.

And now? He is an electronics expert, a laboratory worker or highly skilled worker-engineer, like Kostadin Dzhatev. It was not without reason that brigade leader A. Tsambov said of him:

"Dzhatev combines brain and hands, engineer and worker. He is a new type of worker, in whom scientific-technical progress is combined with the vast practical experience gained over decades....

12151



**Formation of Nicaragua-Bound Student Brigade  
Described**

18070067 [Editorial Report] Moscow KOMSOMOLSKAYA PRAVDA in Russian for 24 January 1988 carries on page 3 a 700-word article entitled "Moscow-Managua" by Ye. Umerenkov. He describes a competition

held in Moscow to choose the 20 members of the "Korchaginets" student detachment, the second such group travelling to Nicaragua to help with the coffee harvest. In addition to students, the group includes young veterans from Afghanistan who are continuing "their internationalist duty."

**IOJ Sponsors Asia-Pacific Journalists' Meeting  
In SRV**

18070070 Moscow IZVESTIYA in Russian  
5 Feb 88 p 5

[Article by own correspondent B. Vinogradov: "A Responsible Mission: The Results of the International Meeting of Journalists on Problems of the Asia-Pacific Region"]

[Summary] A recent conference was held in Ho Chi Minh City, organized by the Association of Vietnamese Journalists, under the auspices of the International Organization of Journalists. Conferees focused on contemporary problems of the Asia-Pacific region, with special attention given to the ten-year war in Kampuchea. Journalist unions from 20 countries, as well as several international organizations, were represented at the conference.

Burhanuddin Mohamad Diah of Indonesia, publisher and chief editor of the newspaper MERDEKA, spoke. The majority of speeches at the conference expressed the need to transform this highly important region into a zone of peace, stability, and good-neighborliness.

Hong Chuoung, publicist and head of the Vietnamese delegation, noted that "repeatedly over the last ten years, the Asian continent has remained an arena of imperialist brigandage. And today imperialism is using more refined methods to deprive these peoples of the right to an historical choice." Chuoung emphasized that "without the creation of a new economic order, founded on equality and mutual respect, it is impossible to conceive of genuine economic independence for these countries." Concerning these themes, participants recalled CPSU Central Committee General Secretary Gorbachev's interview with MERDEKA and noted the anniversary of Gorbachev's Vladivostok speech and emphasized the dimensions and reality of the ideas set forth in those two documents.

Journalists from India, Japan, the United States, Australia, Malaysia, and other countries noted the pressing need to build new, equitable international relations through united efforts. Participants also focused on the constructive proposals of the USSR, promoting increased development of mutually beneficial ties with all states of the region by using part of the expenditures which currently finance the arms race as assistance for underdeveloped countries.

Indian journalist S. Mukerji reminded the conferees that more than \$800 billion is spent on armaments annually. He stated that only \$200 million a year for ten years would permit liquidation of illiteracy world-wide. One-fifth of current military outlays would be sufficient to eliminate starvation on earth by the year 2000.

R. Moseyev, the head of the Soviet delegation and secretary of the Board of Directors of the USSR Union of Journalists, emphasized that "development of positive tendencies in the Asia-Pacific region is now facilitating achievement of an agreement between the USSR and the United States on liquidating intermediate and short-range missiles and affirmation of new thinking in world politics. One must list the growth in the authority of the nonaligned movement, upsurge of antimilitary and antinuclear sentiments, activation of the struggle for a new economic order, and a noticeable improvement in Soviet-Chinese relations among the factors having a favorable influence on making the international climate healthier."

Participants at the Ho Chi Minh City conference approved both the initiative of 13 states of the South Pacific prohibiting the emplacement, production, and testing of nuclear arms and the ASEAN countries' adherence to creating a nuclear-free zone in Southeast Asia.

In examining the situation in the region, the conferees devoted particular attention to perspectives on a settlement of problems around Kampuchea. This was, perhaps, one of the primary themes in delegates' conversations with the general secretary of the Central Committee of the Communist Party of Vietnam, Nguyen Van Linh, the minister of foreign affairs of the Socialist Republic of Vietnam, Nguyen Co Thach, and the deputy minister of foreign affairs of the People's Republic of Kampuchea, Long Visalo. For those who wished to visit Kampuchea, a two-day trip was organized to Phnom Penh and Siem Reap. The majority of roundtable participants had either previously visited or worked in Indochina and are therefore capable of forming opinions about its problems in a professional manner. The situation requires a fundamental change to normalization. James Pring, an American journalist, said in a conversation with Vinogradov that a political solution to the Kampuchean conflict would make possible a firm and stable peace in Southeast Asia. UD/332

**Widespread Japanese Fear of USSR, 'Soviet Threat' Noted**

18070063 [Editorial Report] Moscow ZA RUBEZHOM in Russian Number 3 for 15-21 January 1988 carries on page 6 an 1100-word article by Karen Khachaturov, deputy chairman of the APN Board of Directors, entitled "The Image not of an Enemy, but a Good Neighbor." Khachaturov describes the difficulty in overcoming the stereotypes of the USSR existing among the Japanese. Although there is interest among the Japanese in events in the USSR, Khachaturov notes that "the dominant trend" in Japan is to see the Soviet Union as an enemy. He cites a report published by the Hokkaido Institute for Slavic Studies which names "among the lasting factors which feed the negative impressions about our country is the 'feeling of a military threat' from the USSR." Khachaturov also provides data from the Japanese newspaper YOMIURI, stating that "more than 50 percent of the

Japanese think that we threaten Japan." He adds other evidence. According to the HOKKAIDO SHIMUBUN, "only 1.6 percent of those questioned 'did not feel a Soviet threat'." Khachaturov also cites another statistic, in which seniors from two Japanese high schools, replying to a questionnaire, "associated with the Soviet Union such concepts as 'nuclear threat', 'loves to fight' and 'a large cold country'." UD/333

**Malaysian Views of Trade, Relations With USSR**  
18250036 Moscow IZVESTIYA in Russian  
9 Dec 87 p 5

[Article by I. Kovalev: "Skyscraper Over the Palms (What They Think in Malaysia About the Development of Relations With the USSR)"]

[Excerpts] There is a marvelous view of the capital of Malaysia, Kuala Lumpur from the hill on which stands the house of my host, Kkhir Dzhokhari, president of the Malaysian-USSR Friendship Society.

The master of the house recently returned from a trip to the USSR. A prominent social and political figure, and one of the founders of OMNO, the current ruling party, Kkhir Dzhokhari was also in the Soviet Union previously, when he occupied the positions of minister of trade and minister of education. His last visit had the greatest impression on him. One could feel the true desire on the part of this energetic man, who appeared much younger than his 64 years, to facilitate to the best of his strength and abilities the development of mutual understanding and friendly relations between the Malaysian and Soviet peoples. Kkhir Dzhokhari states that the recent successful visit of Malaysian Prime Minister Mahathir bin Mohamad to the Soviet Union, which here was dubbed "reconnaissance of new paths," played a major role in establishing such relations. Dzhokhari believes that as a result of this visit broader opportunities were opened up for political cooperation between the two countries in the UN and various international organizations.

From his trip to the USSR K. Dzhokhari returned convinced that the Soviet Union is a peace loving country, and he intends to explain this tirelessly to his fellow citizens. "Many topics advanced in Vladivostok by CPSU Central Committee General Secretary M. S. Gorbachev," he stated, "meet the aspirations of the ASEAN countries, especially as concerns ridding the Asian - Pacific region of the nuclear threat, and questions of broad regional commercial and economic cooperation."

It is noteworthy that the first trade agreement between the USSR and Malaysia was concluded even before the establishment of diplomatic relations in April 1967, and in November of the same year the establishment of diplomatic relations at the ambassadorial level was officially proclaimed. In the past 20 years Malaysian-Soviet relations have made a great step forward.

The Menara Boysted skyscraper in Kuala Lumpur belongs to the commercial corporation of the state directorate "Selda," "the largest planter in the country," as it is called. M. Daud, general director of the corporation, who received me, stated: In Malaysia large surpluses of palm oil piled up. Large deliveries of refined products of this oil to the Soviet Union on a permanent basis are a substantial contribution to the state budget. Besides palm oil products the corporation delivers rubber to the USSR. And Soviet organizations send us tractors."

I had another meeting in Kuala Lumpur, at the Woodward and Dickerson company. One of the directors, Hiu Chay Hai, stated that the firm has already been purchasing Soviet chemical fertilizers for Malaysia for 11 years. An especially popular product is fertilizer for oil-bearing palms. The planting of palms is continuously expanding. In recent years Malaysia has become the largest exporter of palm oil in the world. Deliveries of fertilizers from the Soviet Union are reliable and the quality of the product is excellent, stated the director.

I visited the state of Selangor, and Dzhay, industrial satellite city of the capital Petaling. There I had two talks with businessmen, one at the Levekon company, which imports panel electric meters from the Soviet Union, and the other at the Intan Karang company, an importer of our paper and tractors. "Belarus" tractors have been delivered to Malaysia since 1981 and are now operating in 6 of the 13 states of the country. The business of this firm is profitable (otherwise there would be no reason to trade with us), but I also heard a sufficient amount of criticism toward us in these meetings. (Apropos of this, in the majority of cases representatives of the USSR commercial representative in Malaysia also agree with this criticism). Toni Yap, director of Levekon, is on the whole satisfied with his business: the Soviet electric meters enjoy good demand on the Malaysian market. They are purchased willingly, and there are already 15 local customers, who deliver the equipment to steel mills, cement factories and rubber plants. The Soviet meters, states Toni Yap, are qualitatively better than the Italian, which we ordered previously, and are preferable to the West German meters in price, although inferior to them in quality. However, we may lose our customers due to the clumsiness of Soviet commercial organization. An order is made and the product does not arrive for several months, when the need for it may no longer exist.

In Georgetown, capital of the state of Penang, I met with Teo Seng Li, the director of an agency that serves Soviet commercial ships that stop in Penang. Profits of the agency are good, but in a frank conversation with me he expressed several of his observations, which, I believe, should be listened to. The first observation: "The commercial representatives of your country at times do not take into account truly local business conditions, and approach Malaysia with the same yardsticks as, say, Japan, Thailand and the Philippines. With this approach not much will be obtained." The second observation: In

contrast to, say, the Japanese, "Soviet commercial representatives aim mainly for immediate return in profits, and do not think in terms of the long-range future."

I will explain that all of the business owners about whom I spoke above would not trade with the USSR unprofitably. However, a substantial increase in deliveries of Soviet products to Malaysia, whose exports to the USSR greatly exceed imports from our country, are hardly possible without taking this criticism into account.

I had one more meeting in Kuala Lumpur, at Malay University. The pro-rector of this largest higher educational institution in the country, Mohamad Yunis Nur, states that there are Russian language courses in the university (20 students), and that three Soviet Malaysian language specialists practice in his university, that the students and instructors became acquainted with Soviet films with great interest. A festival of such films was held in the university.

In his speeches during his stay in the USSR in July and August of this year, Prime Minister Mahathir bin Mohamad, emphasizing the "coincidence of views of the Soviet Union and Malaysia on many global issues," noted that his country is striving in principle for the same thing as is the Soviet Union: a reduction in the level of military tension in the Asiatic-Pacific region,

settlement of regional conflicts, and expansion in the geography of mutually advantageous development of economic ties. Paths for cooperation in these spheres have been and remain open.

9069

#### **PRC Interest in Soviet Literature, Language Described**

18000122z [Cross-reference] Moscow LITERATURNAYA GAZETA in Russian for 16 December 1987 publishes on page 2 a 1,500-word article by Svetlana Selivanovna under the headline "How They Read Us in China." Primarily on the basis of personal contacts, Selivanovna describes widespread interest among Chinese intellectuals in Russian language and literature, Chinese participation in the International Association of Russian Language and Literature Instructors, numerous translations of Soviet literature into Chinese being published in the PRC, and extensive study of Russian language and literature in Chinese universities. For the text of the article, see the JPRS REPORT: SOVIET UNION/POLITICAL AFFAIRS, JPRS-UPA-88-010, 1 March 1988, pages 81-87. UD/330

END



**END OF**

**FICHE**

**DATE FILMED**

4 April, 1988